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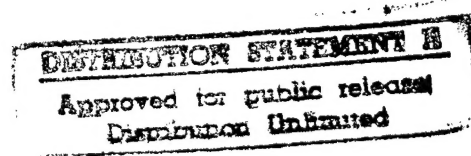
JPRS 82788

2 February 1983

# China Report

ECONOMIC AFFAIRS

No. 307



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## CHINA REPORT

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### CONTENTS

PEOPLE'S REPUBLIC OF CHINA

#### NATIONAL POLICY AND ISSUES

'JINGJI GUANLI' Discusses Composite Targets (Zhou Ying, et al.; JINGJI GUANLI, 15 Nov 82) .....	1
Chemical Industry Minister on Future Tasks (Qin Zhongda; JINGJI GUANLI, 15 Nov 82) .....	10
Textiles Minister on Congress Documents (JINGJI GUANLI, 15 Nov 82) .....	12
'RENMIN RIBAO' 18 Jan Cited on Price Readjustments (XINHUA, 17 Jan 83) .....	14
Railways Minister on Congress Documents (Chen Puru; JINGJI GUANLI, 15 Nov 82) .....	15
Machine-Building Minister on Future Tasks (Zhou Jiannan; JINGJI GUANLI, 15 Nov 82) .....	17
Minister on Urban, Rural Construction (Li Ximing; JINGJI GUANLI, 15 Nov 82) .....	19
'JINGJI GUANLI' on Quadrupling Output Value (JINGJI GUANLI, 15 Nov 82) .....	21
Finance Minister on Congress Documents (Wang Bingqian; JINGJI GUANLI, 15 Nov 82) .....	25
Guangxi's Qin Xingji on 1982 Economic Progress (XINHUA, 4 Jan 83) .....	27

#### INDUSTRY

'JINGJI GUANLI' on Light Industrial Production (Yan Shi; JINGJI GUANLI, 15 Nov 82) .....	28
---	----



Briefs	
Civil Output Increased	35
GENERAL	
'BEIJING REVIEW' Continues Series on Modernization (Ren Tao, Wang Shunsheng; BEIJING REVIEW, 10 Jan 83) .....	36
Liu Tianfu Delivers Guangdong Work Report (NANFANG RIBAO, 30 Dec 82) .....	45
HONG KONG MEDIA ON CHINA	
Fujian's Xiang Nan Views Modernization (WEN WEI PO, 16 Jan 83) .....	73
TAIWAN	
Communications Minister on Transport Projects (CNA, 20 Jan 83) .....	80

## NATIONAL POLICY AND ISSUES

### 'JINGJI GUANLI' DISCUSSES COMPOSITE TARGETS

HK111246 Beijing JINGJI GUANLI in Chinese No 11, 15 Nov 82 pp 14-17

[Article by Zhou Ying [0719 3576], Liu Rixin [0491 2574 2450] and Zhang Li [6774 0500]: "An Inquiry Into the Establishment and Perfection of the Planning System of Composite Targets"]

[Text] The establishment and perfection of the planning system of composite targets carries an extremely important significance in correctly formulating our country's economic development strategy and strengthening the planned guidance of the national economy. In the past, our country adopted the "gross value of industrial and agricultural output" as an important target to indicate the economic development strategy. Actual practice has shown that this target has its uses but is still not quite ideal. Western countries have generally used the "gross national product" as target to indicate the economic development strategy. But this target is even more unscientific. Hence, what composite target should be adopted is a problem that needs to be urgently studied and solved.

The production of material substances or things is the foundation of social existence and development. "Mankind must first of all eat, drink, sleep and wear clothes before engaging in political, scientific, literary and religious activities" ("Selected Works of Marx and Engels," Vol 3, p 574). Therefore, in planning, the most basic composite target to reflect the level of a country's economic development should be one which can reflect the labor results of the material production departments. Labor which contributes to the production of spiritual wealth (science, education, culture, public health and so forth) and also labor of all service departments which fulfill social consumption needs belong to the category of nonproductive labor. It is true that this kind of labor is necessarily needed by society and that from now on it will play an increasingly important role. However, we cannot, just because of this, treat the labor of all these departments as productive labor; otherwise, we would confuse the demarcation between matter and spirit and between the economic foundation and the upper edifice and also confuse the demarcation between primary distribution and redistribution and between production and consumption. In the past, we failed in our economic work to pay sufficient attention to the development of these nonproductive departments, and this certainly was a defect. Nevertheless, we must realize that in the final analysis, the extent of the development of these departments is determined

by the level of development of material production and is also determined by the number of people whose livelihood is supported by material production and who are thus enabled to engage in spiritual production and the service trades.

At present, the statistical method in use in planning basically follows the above-mentioned demarcation of departments into productive ones and non-productive ones, according to whether or not they take part in material production. In our opinion, this classification is a fitting one.

Based on the above context, concerning the planning system of composite targets, we propose to establish four composite targets which respectively reflect the extent of economic development, the people's standard of living, the economic and social development level and the operation results of industrial enterprises.

#### I. Composite Target Indicating Extent of Economic Development

For a prolonged period of time, we have used the target of "gross value of industrial and agricultural output" to denote the scale and speed of economic development. "Gross value of industrial and agricultural output" may indeed be used to denote the scale and the growth rate in production of the two large departments of industry and agriculture and for studying the material liaison and proportionate relations between the two big departments. However, this target does not include the labor results of all the material production departments of the national economy. Moreover, computation of the growth value of industrial output is made according to provisions of the factory law and is subjected to many repetitions and much double-counting; hence, cannot correctly reflect the actual level of economic development. In particular, checking the results of individual enterprises against the gross value of industrial output does not help in fostering the practice of economy in the consumption of raw materials on the part of the enterprises, as enterprises are frequently in the habit of seeking the output of products which consume more, and expensive, raw materials. Often, they do not care about actual market needs and thereby cause supply and demand to become disjointed.

According to the Marxist doctrine of labor value and reproduction theory, we believe that choosing the "social gross product" and the "national income" targets as composite targets to reflect the scale of economic development is more appropriate.

"Social gross product" is the sum total (C plus V plus M) [as published] of the value of products turned out within a stated period by laborers under the five material production departments of agriculture, industry, construction, communications and transport, and commerce. Compared with the "gross value of industrial and agricultural output," it embraces a relatively more complete field, although, admittedly, it still includes certain factors of double-counting.

"National income" is newly created value (V plus M) derived after deducting from the "social gross product" the value of the means of production consumed

in the course of production. The gross volume of the national income denotes the economic power of a nation, and the average per capita national income denotes the level of a country's economic development.

Western countries have generally adopted the target of "gross national product" to denote the scope and speed of economic development. Compared with the "national income" target of our country, this target, quantitatively speaking, has added into it depreciation and service receipts of nonproductive departments. The inclusion of the gross national product of service receipts of nonproductive departments confuses the demarcation between productive labor and nonproductive labor and between original receipts and derivatory receipts. It is a target which embraces double-counting several times as well as certain fallacious elements. We should not adopt the use of this target. To undertake a comparison with Western countries and for the sake of our internal analysis and study, we can make an estimate of our gross national product and may convert the gross national product of Western countries into national income according to our standard.

In order to effect a composite denotation of the labor results of service departments, we propose that we begin with the insertion of a target for "service receipts" in the statistics and gradually create the necessary conditions for the ultimate addition of this target to the state law.

## II. Composite Target Denoting the People's Standard of Living

In our planning, there are certain targets which denote improvements in the people's standard of living, but they do not form an integrated target system or a composite target which illustrates, in an overall manner, such an improvement.

Many countries are still studying the problem of using what kind of target to denote, in a composite manner, the standard of living of the people. For example, the Government of the Philippines has advocated that the development targets which can meet the people's basic living needs should include some 11 factors, namely, food, water, clothing, energy, communications and transport, ecological balance, education and culture, and technology, sports and recreation, medical care and public health, means of making a living and economic foundation, and housing. But no composite target was offered.

In 1977, the Overseas Development Commission of the United States advocated a composite target known as "living standard qualitative target." It was a composite target of three separate targets, namely, "infant mortality rate," "average life expectancy" and "adult literacy rate," and was meant to denote the general level of the people of a nation concerning nourishment, public hygiene and health protection, and national education. The numerical value of the target ranged from 0 to 100, and a higher numerical value indicated a higher quality living standard. Unfortunately, since only a small number of concrete targets were used to compute the "living standard qualitative target," it could hardly portray in a comprehensive manner the standard of living of the people. Moreover, it had no direct relations with economic targets.

In Romania, a system of composite targets and a general index has been devised to measure the standard of living of the people. This system of composite targets is composed of 24 concrete targets, divided into 2 big categories, one relating to satisfaction of mankind's physiological needs and the other to satisfaction of mankind's spiritual needs. In turn, there are eight subdivisions, being respectively: eating, housing, public health, wearing and use, education, culture, spare time and security protection. Each subdivision comprises three targets. In actual computation, each target is given a number or mark. For example, if on the average a man absorbs 3,000 kilocalories of heat from food each day, then the mark will be 100 points, but if only 1,800 kilocalories are absorbed, then the mark will be 0. Following this, the points for each target will be given a weight and weighted and a general index will then be worked out to serve as a composite indicator of the standard of living of the people. This general index may be used to compare the conditions in past historical periods of the country as well as with conditions in other countries, such as countries of the Council for Mutual Economic Assistance (CEMA). It appears that the target system adopted in Romania to measure the standard of living of the people is a more comprehensive one and that the method of computing the composite target value is well worth studying.

Bearing in mind the actual conditions in our country and taking for reference methods adopted in other countries, we propose the adoption of 30 targets, as mentioned below, to form a system and to compute a composite target value, as an indicator of the conditions of improvement in the standard of living of the people. The 30 concrete targets may be divided into 4 big categories, in accordance with their contents, as follows:

- (1) Target of a composite nature: average per person consumption level.
- (2) Targets indicating satisfaction of people's basic needs in material life, including:
  - A. Eating: average per person daily absorption of the amount of calories from food; average per person yearly consumption level of grain, pork, vegetables and so forth.
  - B. Wearing: average per person yearly consumption level of textiles.
  - C. Housing: average housing area per urban resident; average housing area per rural resident.
  - D. Use: average per person yearly consumption of articles of daily use; average per 100 persons ownership of wrist watches, bicycles and so forth.
  - E. Travel: average mileage of roads per 10,000 urban residents; average number of public buses and tram cars per 10,000 urban residents; and average mileage of country and commune roads per 10,000 rural residents.
- (3) Targets indicating satisfaction of basic needs of people's culture life, including:

A. Hygiene and health protection: average number of doctors per 1,000 people; average number of hospital beds per 1,000 people; infant mortality rate; average life expectancy.

B. Education: schooling rate of school-age children; average number of college students per 10,000 people; literacy rate of adults.

C. Culture and recreation: average per person yearly number of published books; average per person yearly number of visits to cinemas; average number of cultural halls or stations per 10,000 people; average number of radio sets per 100 people; average number of television sets per 100 people; spare hours of employees and workers.

(4) Targets indicating social security protection: employment rate in cities and towns; accidental death rate of employees and workers; polluted water handling rate.

Of the above four categories of targets, the composite target of average per person consumption level denotes compositely the conditions of improvement in the people's consumption level. For example, in 1980 the average per person consumption level was 224 yuan, an increase of 100 percent over 1952. However, this reflection of the people's living conditions is still not concrete enough and does not show the conditions of social development. Hence, it is bolstered by the addition of the 29 targets in the next 3 categories and a composite target value is computed so that there is a relatively overall indication of the conditions of social development and improvement in the people's standard of living. The method of computing this composite target value is as follows: assuming 100 points as these 30 targets' objective for the year 2000 and 0 points as the level of the people's minimum needs, or in the initial period after liberation, assign points to each target for the year under calculation. Next, give the targets varying weights commensurate with their relative importance. After applying the weights and obtaining the weighted points for the targets, add the points together and the composite target value for the year concerned is obtained. Comparing this composite target value with the composite target value for the year 2000 will show the disparity between these two years. For example, take the "average per person daily absorption of calories from food" and make the following assumptions: that attainment of 3,000 kilocalories will be 100 points (this is arrived at on the basis of the needs and possible attainment on the part of people in our country and with due reference to levels attained in foreign countries, such as in the United States where the latitude is approximately the same as our's and where the per person calories absorption was 3,504 kilocalories in 1974, and in Romania where the per person calorie absorption was 3,264 kilocalories); that attainment of 1,600 kilocalories will be given 0 points (this is according to the level for the year recording the lowest absorption after liberation in our country); and also that the weight for this target is 10 percent and the absorption of 3,000 kilocalories by the year 2000 will yield for this target 10 points. In this way, by adding together the points of all 30 targets, a composite target is obtained.

In computing the composite target value, another method of computation may be used. This is: take the level currently obtained by each target as 100 points; give points to each target according to a varying marking standard; assign weights to each target; and obtain the composite target value by adding together the weighted points of the targets. A comparison of the composite target value of the planned period with the current level will denote the conditions of improvement of the people's standard of living.

This target system is derived with due consideration given to the current basis of planning and statistical work, and basically can denote the level of the people's standard of living. From now on, following advancement in the level of planning and statistical work, improvement on the target system may be gradually made.

### III. Composite Target Indicating Level of Economic and Social Development

The two composite targets mentioned above give only a side view of the conditions of our country's economic development and improvement of the people's standard of living. We still need a composite target which gives a full and overall view of the level of economic and social development.

In a magazine article published in 1980 in Paris, France, a certain writer, based on statistical materials of the World Bank, employed the following 11 targets to indicate the level of a country's economic development and the standard of living of the people and also to classify rich and poor nations: population, gross national product, average per capita national income, average yearly growth rate of per capita national income, average yearly currency inflation rate, average life expectancy, literacy rate of adults, average per person grain production index, average per person daily absorption of calories from food and the percentage it occupies of the normal quantity of calories required, and average per person consumption of energy. However, the article did not work any composite target value.

In recent years, some people in foreign countries have advocated the use of a certain composite target to indicate, in an overall manner, the level of economic and social development. For example, based on the above-mentioned "living standard qualitative target," the American Social Hygiene Association advocated the use of the ASHA [abbreviated name of the association] target to denote the development strategy of developing nations in meeting their basic needs. This composite target is computed on the basis of six concrete targets. Its formula is:

$$\text{ASHA Target Value} = \frac{\text{Employment Rate} \times \text{Literacy Rate} \times \text{Average Life Expectancy} \times \text{Average Growth Rate of GNP}}{\text{Birth Rate} \times \text{Infant Mortality Rate}}$$

The association also worked out definite figures for these 6 targets and computed the ASHA target value to be 2,023, the fighting target for developing nations to achieve by the year 2000.



In our opinion, the six targets used in computing the ASHA target are all important ones. However, in computing, they are all used on a flat basis, without weighting, and, besides, stress is placed one-sidedly on the social targets whereas in actual life production occupies the leading place and normally the level of a country's economic development determines the level of its social development. Moreover, only the average growth rate of the GNP is used in the computation process, without regard to absolute figures. This cannot denote with certainty the economic power of a country.

In addition, more recently the U.S. Department of Commerce employed a so-called "composite index of advanced targets" to forecast the trend of the country's economic development. Japan has made use of the index of economic periodic changes (abbreviated as D.I. index) to compositely indicate and forecast changes in the country's economic position. While these composite indices used in the United States and Japan have been established in conformity with the needs of economic activities of capitalist countries, nevertheless, certain of their methods are worthy of our study and reference.

Taking into consideration our country's actual conditions and having due reference to methodology used in foreign countries, and in order to reflect in an overall manner the level of economic and social development, we have contemplated the use of the following 10 concrete targets: gross national income, average per capita national income, average every 100 yuan productive accumulation and increase to national income, average per person annual consumption of energy, average per person daily absorption of calories from partaking food, urban employment rate, literacy rate of adults, average number of specialized personnel per 10,000 people, average life expectancy, and retail sales index. These targets are all relatively important ones. They include some which indicate the level of economic and social development, some which denote economic results and some relating to factors of price changes.

In computing the composite index value on the basis of these 10 targets, we first assign points to each target according to a suitable marking standard, then proceed with weighting the targets and finally aggregate the weighted results to obtain the composite target value. As for the system of marking or assigning points, we may use one of the two methods mentioned above. One of the methods is to take the target to be reached in the year 2000 as 100 points. Take, for example, gross national income: we may assign 0 points to the level in 1949, the year after liberation, and assign 100 points to any subsequent year which has attained a "fairly well-to-do" level. Concerning the life expectancy rate, we may assign 0 points to age 35 before liberation and assign 100 points to the current relatively higher international standard of age 70 (at present, the average life expectancy in our country is 68). The other method is to assign 100 points to the actual existing level. As for the weights, we believe that it is more reasonable to assign relatively larger weights to economic targets and relatively smaller weights to social targets.



#### IV. Composite Targets Indicating Operation Results of Industrial Enterprises

Several years ago, eight targets were used to indicate the operation results of industrial enterprises, these being: product quantity, product variety, product quality, consumption of materials, labor productivity rate, cost of production (expenses), profits and proportion occupied by circulating capital. Afterward, a change was made to using only four targets, namely, product quantity, product quality, profits and conditions of execution of agreement. Since last year, industrial and communications enterprises have generally carried out the economic responsibility system and the profits contract system. This has played an active role in doing away with the system of "everybody eating from the same big pot" and has promoted improvement of the management and operation of the enterprises. However, at the present moment, the work of reorganizing the enterprises has not yet been completed and, under the ruling conditions of the irrational price structure, the desire to make profits has particularly induced the enterprises to disregard the state plan and one-sidedly to look for their own profits. Hence, the current problem which urgently needs study and solution is the kind of target to choose, a target which can reflect the operation results of the enterprises and can promote improvement of the management and operation of the enterprises, on the one hand, and enable the enterprises actively to fulfill the state plan, on the other.

According to the views of theoretical circles and the departments in charge, there are three suppositions concerning the choice of a composite target which reflects the operation results of industrial enterprises. They are as follows:

(1) Adoption of a "net production value" target. Net production value denotes the newly created value for a stated period of an enterprise and is helpful in encouraging and supervising enterprises to improve their management and operation and to practice economy in the consumption of raw materials. Unfortunately, at present in many enterprises at the basic level, the accounting system is not at all a healthy one and many needed data and materials are usually lacking. At the same time, calculation of the "net production value" is generally done at the current or ruling prices. Since our existing price policy and taxation system generally exhibit a seriously irrational symptom, adoption of such a target may easily lead to a tendency of one-sided profit-seeking and at the same time, cannot truly reflect the production results of the [words indistinct] relatively objective evaluation of the operations of an enterprise as well as in improving labor efficiency and bringing production potentials into full play. However, compilation and enforcement of the "fixed net production value" requires the strengthening of basic work in planning and particularly in fixing rational wholesale prices. It cannot be adopted by us until we have gradually created the necessary conditions.

(2) Adoption of a "sales volume" target. This can encourage the enterprises to produce marketable goods and strive to improve the quality of the products and raise the economic results. But this kind of target still embodies the value of consumed materials, and under the conditions of the marketability of the products having been assured, it is also easy to generate a tendency to

ignore the practice of economy in the consumption of raw materials and one-sidedly to seek a large sales volume.

(3) Finding a set of composite targets which can make an overall assessment of the operation activities of enterprises. At present, in assessing the proficiency of their workshops and work teams or units, some enterprises have adopted the "multiple target" marking system. This system is more embracing and more rational compared with the "single target" system. Concerning the assessment of the proficiency of enterprises, a more or less similar method may be adopted. For example, the following targets may be used: product quantity, product variety, product quality, profits tax, consumption of raw materials, fuels and motive power, condition in execution of agreement, handling of "three-wastes," safety protection in production, and so forth. An individual marking system for each target may be used and a composite target value may be obtained by adding together the points of the various targets. However, in actual practice, it is rather complicated and involved when attempting to choose a weighting system for the various targets and to designate different targets for different trades and different enterprises.

Of the above three tentative suggestions, after weighing the pros and cons as well as paying due consideration to the actual condition of current planning and statistical work, we are inclined to the use, first, of the "sales volume" target as the composite target to indicate the operation results of industrial enterprises. Meanwhile, necessary conditions should be earnestly created so that, following trials, we can gradually turn to the adoption of the "fixed net production value" target.

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## NATIONAL POLICY AND ISSUES

### CHEMICAL INDUSTRY MINISTER ON FUTURE TASKS

HK121025 Beijing JINGJI GUANLI in Chinese No 11, 15 Nov 82 p 6

[Article for "Pen Symposium on Studying 12th CPC Congress Documents" by Qin Zhongda, minister of chemical industry: "The Goal of Quadrupling Our Gross Output Value Can Definitely Be Achieved"]

[Text] The 12th CPC Congress has come to a successful close. The Congress formulated the grand objective and fighting task for the party in the new historical period, thus ushering our country into a new and unprecedented period of all-round socialist modernization. We must conscientiously study and publicize the guidelines of the congress and implement them in actual work so as to push forward the victorious advance of China's socialist undertakings.

The strategic objective of "quadrupling our gross industrial and agricultural output value" by the year 2000 formulated by Comrade Hu Yaobang in his report to the 12th CPC Congress can definitely be achieved. First, we have the firm leadership of the party central committee and have correct line, principles and policies as guidance. Second, we have a fairly solid material base which offers great potential. Third, we have a huge contingent of workers and staff whose political and technical qualities are steadily going up. Fourth, with positive and negative experiences to draw lessons or take warning from, we can avoid detours in the future. Therefore, we must be confident that we will definitely succeed, bravely shoulder the glorious militant tasks entrusted to the chemical industry front by the party, work hard to overcome all difficulties and fulfill our tasks in an all-round way.

At present, we must lose no time in implementing the guidelines of the 12th CPC Congress in the all-round consolidation of enterprises. Holding high the banner of communism, we must grasp the building of spiritual civilization while working for material civilization. Only in this way can we strengthen the fruits of all-round enterprise consolidation and make a success of socialist construction.

In carrying out production and construction in the field of the chemical industry, we must firmly implement the policy of "self reliance and arduous struggle," pay attention to the objective economic law, and strictly enforce and abide by the policies and decrees formulated by the state. We must work

for an overall balance, carry out overall consideration and all-round arrangement, strengthen planning, formulate measures to continuously yield more and better economic results and advance steadily and firmly.

While continuing to readjust our service orientation, we must strengthen the structure and development of the industry itself. At present, our priorities are as follows: to gradually readjust the proportions between nitrogenous, phosphate and potash fertilizers in the production of chemical fertilizers and increase the proportion of nitrogenous fertilizers; to grasp the construction of mines and solve problems of production and transportation in mines; to gradually readjust the composition of farm drugs and restrict the production and usage of "666" (Benzene Hexachloride); to speed up the construction of facilities for the production of soda and caustic soda and increase the production of basic raw materials for the chemical industry; to develop the petrochemical industry and put together the imported ethane line of equipment in order to provide raw materials for the textile industry, light industry and building materials industry; and to increase the production of fine chemical products and open up new areas of production. In order to fulfill the above tasks, we must, under the guidance of the spirit of the 12th CPC Congress, strengthen leadership and carry out technical transformation in selected old factories in a systematic way, grasp scientific research well, strengthen workers' education and training of cadres by rotation, continue to grasp organizational reform and the all-round consolidation of enterprises and make changes in the leading bodies at all levels in accordance with the requirements of modernization. All enterprises of the chemical industry must carry out quality control safety control and economic accounting in an all-round way, improve the quality of products, introduce new varieties, ensure safety of production and work hard to cut down the consumption of energy and raw materials in order to maintain safe, steady and continuous operation over a long period of time. They must strive to create a new situation in all fields of socialist modernization.

CSO: 4006/192

## NATIONAL POLICY AND ISSUES

### TEXTILES MINISTER ON CONGRESS DOCUMENTS

HK121017 Beijing JINGJI GUANLI in Chinese No 11, 15 Nov 82 p 2

[Article for "Pen Symposium on Studying 12th CPC Congress Documents" by Hao Jianxiu, minister of Textile Industry: "Create a New Situation, Strive To Make New Contributions"]

[Text] The strategic objective formulated by the 12th CPC Congress is most inspiring. Its strategic priorities tally with our national condition and its strategic steps are realistic and feasible. In the field of the textile industry, we must create a new situation and strive to make new contributions. This is the unanimous response of the vast number of cadres and workers in the field of the textile industry in studying the documents of the 12th CPC Congress.

Since the downfall of the "gang of four," particularly since the 3d Plenary Session of the 11th CPC Central Committee, the textile industry has achieved all-round progress in production and construction by relying on correct policies, on science and on hard work. In the 5 years between 1977 and 1981, gross output value went up by 1.25 times, tax and profits turned over to the state went up by 1.37 times and foreign exchange earnings from export went up by 1.48 times. As a result of the rapid development of production in recent years, the prolonged tension in the supply of textile products basically relaxed and the textiles market evolved from a "seller's market" into a "buyer's market." This change was not easily won. In the future, the textile industry must take further steps to adapt itself to this change and produce goods that can withstand the test of the "buyer's market" and are welcomed by the consumers. To this end, we must effect a change in our guiding ideology and actual work. Instead of laying stress on grasping speed and output and on expanding the capacity for production, we must now concentrate on developing new lines of products, enriching their variety, improving output quality and carrying out technical transformation. These are the new tasks confronting the textile industry under the new situation.

In order to attain the strategic objective formulated by the 12th CPC Congress of striving to quadruple the gross annual value of industrial and agricultural production by the end of this century, the textile industry must provide the domestic and overseas markets with richer varieties of textile products and offer more funds for the strategic priorities of economic construction. The rate of growth of the textile industry must be in harmony

with the development of other economic sectors and must correspond with the rise in the purchasing power of the community. Among the dozen or so major categories of products, some items, such as chemical fibers and fabrics, may warrant a higher percentage increase, while other items, such as cotton yarn and cloth, may only warrant a small percentage increase. Meanwhile, as a result of the application of advanced scientific techniques and the development of more refined and thoroughgoing methods of processing goods, the increase in output value will be much greater than that in output.

In order to achieve the grand objective of quadrupling the gross annual output of industrial and agricultural production, we must strive to create a new situation on all fronts and in all work. In order to create a new situation in the textile industry, we must first make a breakthrough in the production of chemical fibers. In future, we must continue to lay stress on chemical fibers in enlarging the composition of raw materials and the product mix of the textile industry. In some of the industrially developed countries of the world, even those which are rich in natural fibers, chemical fibers are being produced and used in large quantities. In 1980, the world's total output of chemical fibers amounted to 13.73 million tons, of which only 450,000 tons, or 3.2 percent of the world's total, were produced by China. It is chiefly in this area that our textile industry is lagging behind the other countries. We must make an effort to catch up. Secondly, we must pay attention to developing new lines of products, producing new varieties and improving the quality of products. In the next two decades, substantial progress will be made in the modernization of the entire national economy and the income of the urban and rural inhabitants will double. As a result, the level of the consumption of textile products will also rise. The people will not simply want a complete wardrobe of spring, summer, autumn and winter clothing but will want to buy all kinds of household textile products which are both attractive and practical, such as curtains, bed covers, table cloths, upholsteries and carpets. There is a lot of room for the development of new lines of products in the textile industry.

Textile workers throughout the country firmly believe that the grand objective formulated by the 12th CPC Congress can definitely be achieved. Thus, they are resolved to study diligently, master scientific techniques, work hard and create a new situation on the textile industry front.

CSO: 4006/192

NATIONAL POLICY AND ISSUES

'RENMIN RIBAO' 18 JAN CITED ON PRICE READJUSTMENTS

OW171444 Beijing XINHUA in English 1405 GMT 17 Jan 83

[Text] Beijing, 17 Jan (XINHUA)--The state council's decision to reduce by 20 percent to 30 percent prices of chemical fiber textiles while raising by 20 percent prices of cotton textiles 20 January is described by tomorrow's PEOPLE'S DAILY as an "important step" in transformation of China's entire price system.

The paper says in an editorial that the readjustment to rationalize the price disparity of chemical fiber textiles and cotton textiles is a "significant step" to better coordinate production of grain, cotton and textiles, and to transform both the economic management and the price systems.

The paper quotes Premier Zhao Ziyang as saying the current conditions in China rule out an immediate all-round transformation of the price system, a change considered "imperative" to China's economic construction and improvement of living standards. Nevertheless, Zhao Ziyang said in his report on the Sixth 5-Year Plan to the Fifth Session of the Fifth National People's Congress last year, "readjustment--upward or downward--in the exceedingly unreasonable prices of a number of products can be made on the condition that basic stability in the general level of market prices is maintained."

For many years China has pursued a policy of stabilizing prices which, according to the newspaper, has ensured the country's economic construction and the supply of essentials for the people.

Nevertheless, says the editorial, this does not mean prices are frozen. It is "entirely normal" readjustments be made from time to time in the prices of specific products. The changes occur with the development of the nation's economy as well as the changes in a variety of factors of production as well as consumption.

China has limited farmland, considering its population of one billion, the editorial says, and it won't do to expand the acreage sown to cotton at the expense of grain.

The country has invested more than 10 billion yuan in its chemical textile industry, the editorial reports. The output of chemical fiber textiles will grow quickly in the next few years, it adds.

CSO: 4020/41

## NATIONAL POLICY AND ISSUES

### RAILWAYS MINISTER ON CONGRESS DOCUMENTS

HK121021 Beijing JINGJI GUANLI in Chinese No 11, 15 Nov 82 p 4

[Article by "Pen Symposium on Studying 12th CPC Congress Documents" by Chen Puru, minister of railways: "Railways Must Maintain a Good Style"]

[Text] Comrade Hu Yaobang pointed out in his report to the 12th CPC Congress: "Transport capacity lags far behind the increasing volume of freight." He listed the expansion of transport services as one of the strategic priorities of economic development. Our railroad workers are greatly inspired and encouraged by the fact that the 12th CPC Congress has given railroad transport so much attention and concern. With the spirit of the 12th CPC Congress as guidance, we must forge ahead with added vigor, work persistently and indefatigably, put an end to the situation in which railroad transport is "lagging far behind" and create a new situation.

In order to do railroad work well, we must first clearly understand the nature and purpose of railroads. Our railroads are called "people's railroads." They are socialist enterprises, in terms of fundamental objectives, their purpose is to satisfy the transport needs of the whole society and serve the people. The nature and purpose of the people's railroads determine that we must proceed from the idea of everything for the people in our railroad work, regardless of whether it is management of train services, production-related operation, designing and construction or other work, we must always think of the people, do our best to take their interests into account and satisfy their needs.

The people's railroads have had a good reputation since the founding of the PRC. However, during the decade of turmoil some of the good tradition and good style of the railroads were destroyed and the mentality of "big brother railroad workers" developed. We must now bring up again the question of the nature and purpose of the railroads in order to raise our level of understanding and uphold the socialist orientation of the railroad enterprises as well as the idea of serving the people. The railroads form an independent department of material production. However, railroad transport does not produce any material goods. It creates value in the process of transporting products and raw materials of other departments of material production. For this reason, the railroads must maintain good service in every possible way. Railroad workers must not entertain the idea of "being the big brother" or



"getting by." They must hold high the banner of communist ideas, wholeheartedly serve the factories, mines and harbors, serve industrial and agricultural production and serve the people, and fully give expression to the superiority of the socialist railroads.

The 12th CPC Congress put forward the call that while working for a high level of material civilization, we must strive to build a high level of socialist spiritual civilization. The activities of "people's railroads for the people" that we have unfolded in our railroad work are the concrete embodiment of our fundamental purpose of wholeheartedly serving the people and fostering communist ideas. They are an important means for bringing up a contingent of railroad workers and staff with lofty ideals, moral integrity, education and a sense of discipline. Hence, we must unfold these activities in a deepgoing and sustained way. Moreover, in the spirit of the 12th CPC Congress, we must bring these activities to a new and higher plane and take them as a strategic measure for building spiritual civilization and restoring the good tradition and style of railroad work.

The activities launched by the railroad department for the purpose of serving the people are rich in content. At present, the key words are safety and punctuality, respecting the passengers and cherishing the cargo and good services. Safety and punctuality are what railroad transport stands for. They are the concrete embodiment of the fact that the railroads serve the people and are responsible toward the people. Only when safety and punctuality are achieved can we truly respect the passengers and cherish the cargoes and begin to talk about serving the people. Therefore, we must give prominence to safety and punctuality and gradually raise the standards of our railroad work on this basis.

Let us actively get to work, study conscientiously, get a profound grasp of the spirit of the 12th CPC Congress and contribute our share toward ending the passive state of railroad transport, meeting the needs of economic development and creating a new situation in railroad work.

CSO: 4006/192

## NATIONAL POLICY AND ISSUES

### MACHINE-BUILDING MINISTER ON FUTURE TASKS

HK121023 Beijing JINGJI GUANLI in Chinese No 11, 15 Nov 82 p 5

[Article for "Pen Symposium on Studying 12th CPC Congress Documents" by Zhou Jiannan, minister of machine-building industry: "The Machine-Building Industry Must Make More Contributions"]

[Text] The 12th National Congress of the party set forth to the whole party and the people of the whole country the great task of "creating a new situation in all fields of socialist modernization." While steadily working for more and better economic results, we must strive to quadruple the gross annual value of industrial and agricultural production by the end of this century. The machine-building industry shoulders the glorious but formidable task of providing the various economic sectors with the necessary technical equipment.

In the next two decades, particularly in the first decade when we are trying to lay a solid foundation, the vast number of workers and staff in the field of the machine-building industry must concentrate on improving the quality of products, developing new lines of products, raising the technical level and working for more and better economic results. Efforts must be made to basically reach, before 1990, the technical level commonly attained by the industrially developed countries in the late 1970's and early 1980's in various varieties of products. This is an important problem confronting the machine-building industry, a problem which directly concerns the progress of modernization. It is also a strategic task which all our workers and staff must make every effort to fulfill.

The machine-building industry has laid a fairly solid foundation in the three decades and more since the founding of the PRC. However, it still lags far behind the requirements of modernization, as can be seen from the poor quality, lack of variety and low standard of products. Consequently, the raising of social-economic results is affected.

Backwardness in the designing of research projects, technology and organizational management was the basic reason why our machinery and electrical products remained low in quality and standard and few in variety. In order to fulfill the strategic task for the machine-building industry and also the targets of the Sixty 5-Year Plan, it is necessary to implement the policy of

putting science and technology in the first place. We must understand more clearly that we must rely on technological advancement and fully give scope to science and technology if we want to better promote the development of the machine-building industry. We must devote a lot of time and energy to basic technical work. At the same time, we must strengthen technical management, replenish the forces of research designing, popularize advanced technology and strictly enforce technological discipline in order to markedly raise the technical level of the machine-building industry.

We must organize the factories and research and designing units, scientists, technicians and experts of colleges and universities and technical forces from all fields to jointly tackle key problems. We must introduce a sound system of responsibility which covers research, testing, designing, manufacturing, installation, utilization and maintenance. We must continue to advocate and uphold the three-in-one combinations of leading cadres, technicians and production workers and of research designing, manufacturing and utilization units, and work with one heart and one mind to speed up the development of science and technology in the field of the machine-building industry.

In order to meet the needs of various economic sectors, the machine-building industry must accord top priority to technical transformation. During the period of the Sixth 5-Year Plan, we must carry out technical transformation in selected enterprises and research institutes with key problems and links in mind and create conditions for improving the quality, increasing the variety and upgrading the standard of products. In this way, we can achieve more and better economic results.

In accordance with need and possibility, we must do our best to import more items to speed up technical advancement. The methods should be flexible and varied. At the same time, we must organize ourselves to assimilate and master the imported technologies and try to give scope to their effectiveness as quickly as possible.

We must carry out all-round consolidation of enterprises in a planned and systematic way. In particular, we must grasp the consolidation of large and key enterprises. At the same time, we must also make an effort to promote reorganization and merging within the machine-building industry and achieve a higher level of specialization and modernization in this field.

CSO: 4006/192

## NATIONAL POLICY AND ISSUES

### MINISTER ON URBAN, RURAL CONSTRUCTION

HK121027 Beijing JINGJI GUANLI in Chinese No 11, 15 Nov 82 p 7

[Article for "Pen Symposium on Studying 12th CPC Congress Documents" by Li Ximing, minister of Urban and Rural Construction and Environmental Protection: "Greatly Strengthen the Work of Urban and Rural Construction and Environmental Protection"]

[Text] The work of urban and rural construction and environmental protection is an important component part of socialist modernization. It directly concerns the development of the national economy and the improvement of the material and cultural life of the urban and rural inhabitants. Since the founding of the PRC, particularly since the 3d Plenary Session of the 11th CPC Central Committee, we have made remarkable achievements in urban construction. We have made considerable headway in building construction and in surveying and drawing. Starting from scratch, we have taken a gratifying step forward in our environmental protection work. We have also started to put rural construction work on the agenda of the state. The situation is excellent, but we are also confronted with numerous problems. In order to achieve the grand objective formulated by the 12th CPC Congress, we must make tremendous efforts, overcome all difficulties, strengthen the work of urban and rural construction and environmental protection, strive to create better working and living conditions for the people of the whole country and promote the all-round and sustained development of the national economy. At present, we must lay stress on grasping the following tasks well:

First, we must pay attention to city planning. In order to meet the needs of modernization, we must strive to complete the compilation and examination of overall planning for urban construction before the end of 1983 and that of planning for counties and small towns before the end of 1985. We must devise effective measures to organically and closely integrate urban planning with state plans for economic and social development and make an earnest effort to strengthen the management and implementation of the plans.

Second, we must further bring into play the initiative of the state, the localities, the enterprises and the individuals and continue to quicken the pace of urban housing construction by adopting a variety of methods, such as construction with state investment, construction with funds raised by enterprises, construction by individuals with funds raised by themselves or with

public subsidy and encouraging individuals to buy houses. At the same time, we must also adopt a reasonable housing allotment policy to gradually solve the major social problem of housing shortage in cities.

Third, we must strengthen the maintenance and construction of municipal utilities, properly administer and make good use of urban maintenance and construction funds and strive to initially change during the period of the Sixth 5-Year Plan the situation in which municipal utilities are neglected and in serious disproportions. We must strive for a distinct improvement in the appearance of cities, in their sanitary condition and in their extent of tree planting.

Fourth, we must do a good job of rural construction planning, make economic use of land and resolutely stop the evil practice of wantonly seizing arable land. In carrying out construction in villages and small towns. In particular, we must, under the guidance of unified planning, better bring into play the peasants' soaring enthusiasm in building houses and gradually build these yet rather backward places into socialist new villages and towns with modern civilization.

Fifth, we must grasp the work of environmental protection and check environmental pollution and ecological destruction. We must resolutely enforce the "environmental protection Law" and lose no time in formulating and gradually perfecting various specific regulations. We must continue to popularize the experience of the Anshan Iron and Steel Company and urge the industrial enterprises to effectively control and reduce industrial pollution by carrying out technical transformation, comprehensive utilization, industrial readjustment and reorganization, and so on.

Sixth, we must grasp the consolidation of enterprises, improve operation and management, reform the system of administration, strive to invigorate building construction and increase economic results in an all-round way.

Seventh, we must quicken the pace of surveying and drawing work and enlarge the scope of service while doing a good job of all basic work.

Eighth, we must strengthen scientific research, raise the level of prospecting and designing and fully give scope to the role of science and technology in urban and rural construction, environmental protection, building construction and the surveying and drawing trade.

CSO: 4600/192

## NATIONAL POLICY AND ISSUES

### 'JINGJI GUANLI' ON QUADRUPLING OUTPUT VALUE

HK110913 Beijing JINGJI GUANLI in Chinese No 11, 15 Nov 82 pp 8-9

["New Comment" column by JINGJI GUANLI staff correspondent]

[Text] Editor's note: JIANGJI GUANLI reporters very often hear some new comments on the matters concerning economic construction and economic management which give us a great deal of enlightenment in finding out new conditions and studying new problems. We have here extracted and edited some of them specially for this purpose of the readers' reference. [end editor's note]

To Realize the Objective of "Quadrupling Output Value," We Must Depend on Technical Progress and the Technical Transformation of Old Enterprises

To attain the objective of quadrupling the gross annual value of industrial and agricultural production to a total of 2,800 billion yuan, in the coming 20 years, if we follow old methods, the demand for energy supply alone will be 200 million tons. This is fundamentally impossible. To accomplish this objective, we must depend mainly on technical progress and the technical transformation of old enterprises. This is our fundamental guiding thinking. Otherwise, what we have tried to accomplish will lead us nowhere. However, it is particularly difficult to solve this problem which is justifiably called a chronic and stubborn disease. The reason for this state of affairs lies in the facts that 1) the traditional concepts and habits are doing mischief, that is, at the mention of boosting production, the first thing people think of is extending the scope of production; 2) many systems and methods are not correct and to produce new products and introduce new techniques, the people will not only meet with all sorts of difficulties but also run risks. In order to solve these problems, we must do a good job in the following things:

1. We must unify our understanding and acquire a clear idea of the matter ideologically. In future, while grasping production, we must conscientiously shift the practice of concentrating on expanding production capacity and on seeking output value to that of attaching importance to technical transformation, improving product quality, increasing the variety of product designs and sizes, reducing consumption and adopting new techniques.

2. We must solve the question of the integration of production and scientific research. At present the dislocation between scientific research and production is quite serious, that is, the bigger the cities, the more advanced the scientific research institutions are, the more pronounced this problem will be, and the waste of scientific and technical personnel is fairly enormous. All academies of sciences must give priority to the study of the application of science and technology and all scientists must not immerse themselves exclusively in writing treatises and in establishing their reputations as authorities while a large number of practical problems are left unattended to and unstudied.

3. We must solve the problems concerning our policies, systems and methods. Centering around new products, Shanghai, Jianjin and Dalian have established a form of combination of scientific research and production "in a coordinated sequence." This is a good form of combination. The experience of Tianjin in combining the economic, scientific and technical and social development plans is also very good.

In one word, without paying close attention to scientific and technical progress, earnestly carrying out technical transformation will be out of the question. We must pay special attention to scientific and technical progress and technical transformation on the one hand and pay special attention to key development projects on the other. If science and technology is not advanced and old enterprises are not transformed, we will find it hard to meet the needs of the economic development however large an amount of energy we may obtain. We must prevent key development projects from squeezing out technical transformation.

#### The Methods For Concentrating Funds on Key Development Projects Must Be a Little Simpler

Some reform measures have been adopted in finance in the last few years and thus played a fairly satisfactory role. In fact, the enterprises have paid back their debts to the financial departments. The problems cropping up at present are problems which accumulated for a long time in the past and not problems resulting from the present restructuring. We have now basically tided over our financial difficulties. Over the last few years, the party and the government have exerted Herculean efforts resulting in notable improvements in the people's livelihood. From now on, the improvement of the living standard of the people in urban and rural areas must depend on actively expanding production rather than on reducing the production funds indispensable to the state. Otherwise, the fundamental and long-term interests of the people will be infringed upon. Later on, the state will probably take a little larger amount of the increased national income so as to accumulate more funds.

In order to ensure key development projects, the financial departments must concentrate still more funds. The methods for concentrating funds must be a little simpler. For example, we may collect extra charges on energy and transport construction from the units which have sources of income. A

proportion should be drawn up in this regard and indiscriminate extra charges on whatever sources of income will be collected. This means levying income tax.

As for the practice of profitsharing in enterprises, we must depend on the skills of the enterprises rather than imposing certain rigid work methods on them. The enterprises which are satisfactorily operated are allowed to retain a bigger portion from the profitsharing and as for the enterprises which are poorly run, even though the portion they retain from the profitsharing is only 5 percent, this will still be considered irrational. With improving economic results, things can be more easily accomplished. Otherwise, even if we already have the money in our hands, it can also hardly be sustained. With regard to enterprises, the state should leave one side of the net open for them and give them a way out for further development. With this, we will have the possibility of boosting state revenue and carrying out key department projects, imposing rigid work methods on enterprises will help continue the indulgence of egalitarianism and thus dampen the enthusiasm of the enterprises. Our method is that we must help the people see that there are bright prospects ahead of them. In short, we must not backtract to the old road where all revenues and expenditures were handled by the state in a unified way and we must not allow everybody to get along by relying on state subsidies any longer.

The difficulty at present, is how to control capital construction outside the plan and not undertake unnecessary and redundant construction [word indistinct] any longer, and in addition, how to put the accumulated money to effective use and guard against the occurrence of the phenomenon in which "priority is given to combating waste in key development projects." These problems demand proper study.

#### We Must Conscientiously Study the New Conditions and New Problems Cropping Up in the Production of Light Industry

In the last few years, we have achieved great successes in readjusting the economy and actively expanding the production of consumer goods. The new problems confronting us now are that 1) with more consumer goods, marketing has become a problem; 2) state revenue decreased as the result of an increase in the price of raw and semi-finished materials and fuels and in costs, coupled with a decrease in the price of some products. All the predominantly light industrial cities are confronted with these two problems. The way out lies in reducing the consumption of raw and semi-finished materials, fuels and power and cutting down costs.

The prices for the raw and semi-finished materials and fuels of China's light industry cannot be considered high. The reason why light industry could wrest high profits in the past lies in this extra advantage it gained, rather than basing its profits on low consumption and high quality. Therefore, light industry must set new demands on itself, increase the variety of product designs and sizes and cut down costs, and if not, it will find itself in a blind alley. This task is quite arduous and more difficult than the task of the readjustment carried out in the past 2 years. To fulfill this task, we



must work in a more down-to-earth manner, really improve operations and management and depend on science and technology and technical transformation. With the fulfillment of this task, we will be able to make up for the losses caused by a decrease in the price of the products and an increase in the price of raw and semi-finished materials. The price of raw and semi-finished materials being low is not necessarily a good thing. It can easily conceal the problems existing in operations and management and make the products less competitive on the international markets.

In totals we must earnestly study the new conditions and new problems emerging in the production of consumer goods and not let the production of light industry drop.

#### We Must Have Correct Policies in Tapping the Potential of Enterprises

The fundamental way out to solve financial difficulties is to raise the economic results of enterprises. The key question at present is that of what methods we should adopt to tap the potential of enterprises, a question which involves matters concerning the policy, operations and management and expansion of a factory director and so on. Some cases which occurred recently gave us a great deal of enlightenment. After being readjusted and restructured, a number of enterprises made great progress. In particular, the Shoudu Iron and Steel Company has given us good experience. After the introduction of the economic responsibility system and on the condition of reduced production targets, the Shoudu Iron and Steel Company still increased its revenue and ensured handing over future profits to the state at an average rate of 6 percent a year. This indicates two questions: 1) the potentialities of our enterprises are enormous; and with effective leadership and correct policies, we will be able to fruitfully tap their potentialities. With effective leadership but without correct policies, the enterprises will still be powerless; and with sound policies but without effective leadership, the enterprises may act recklessly. So, not a single one of the two can be dispensed with. With correct policies, we can help encourage the enterprises capable of outstanding achievements which are successfully operated to get a little richer and help steadily expand production and constantly improve the well-being of the staff and workers. [paragraph continues]

On the contrary, we have to acknowledge that the enterprises which are poorly run are bound to lead a poorer life and even to receive only their basic wages. IN this way, the workers will really welcome those people who have great ability to become their factory directors. Bonuses must not be distributed among the enterprises regardless of whether they do a good job or a poor one. The enterprises with strong leadership must be granted a little more portion of power and be encouraged to go ahead boldly in their work. It is advisable to increase the disparity between different enterprises. Thus with contrast, everybody can be encouraged to constantly make progress. In brief, 1) the state should receive the largest share; 2) we must arouse the enthusiasm of enterprises for tapping potential so that we can bring pressure to bear on them; and 3) the money at the disposal of the enterprises must be used where the state needs it.

## NATIONAL POLICY AND ISSUES

### FINANCE MINISTER ON CONGRESS DOCUMENTS

HK121019 Beijing JINGJI GUANLI in Chinese No 11, 15 Nov 82 p 3

[Article for "Pen Symposium on Studying 12th CPC Congress Documents" by Wang Bingqian, minister of finance: "Appropriately Concentrate Funds to Guarantee Key National Projects"]

[Text] Since the 3d Plenary Session of the 11th CPC Central Committee, we have corrected the guidelines for our economic work and formulated new principles and policies. We have also carried out initial readjustment and reform in our state finances, from the relations of distribution to the system of administration. On the other hand, with a view to solving long-standing problems and raising the people's living standards, we changed that part of state revenue which was originally distributed by the state into the income of peasants and workers and staff by increasing the purchasing prices for farm and sideline products, raising the wages and salaries of workers and staff, providing more jobs, applying the bonus system and so on. On the other hand, with a view to bringing into play the initiative of the localities and enterprises, we transferred into the hands of the localities and enterprises that part of our financial reserves which was originally at the disposal of the state or the central authorities by reforming the system of financial administration and the system of financial management in enterprises and institutions and enlarging the financial power of the local authorities and enterprises. These readjustments and reforms are correct in orientation and can produce good results. We must continue to uphold these basic principles and policies in future. At the same time, we must also realize that decentralization in the use of the country's financial reserves and the shortages of funds are now posing a major problem to the construction of key national projects. The percentage of state revenue in the national income has dropped too, drastically. In the past, state revenue normally made up over 30 percent of the national income. In 1981, 185 [figure indistinct] 25.9 percent. As the percentage of state revenue dropped, extra-budgetary funds increased rapidly. By 1981, they amounted to more than half of the total budgetary funds. Unless appropriate measures are taken to solve this problem, we will end up with only sufficient state revenue to "feed" the essential accounts and maintain simple reproduction and will not have anything to spare for key development projects. This is extremely unfavorable for the development of the economy.

During the period of the Sixth 5-Year Plan, an important task confronting us in our national economic construction is to boost the development of the infrastructure, such as energy and transport. If the national economy as a whole does not prosper, the individual sectors are bound to be greatly restricted in their development. In order to develop energy and transport, we must overcome the present practice of undue decentralization in the use of funds and appropriately concentrate funds to guarantee the needs of key development projects. This will also play an important part in economic development and the improvement of the people's livelihood during and after the period of the Seventh 5-Year Plan. As can be seen from the actual situation, the appropriate concentration of funds is not only essential but possible. For example, funds drawn by various enterprises for specified purposes and the proportion of profits retained by them have increased substantially in recent years. Benefits obtained by the enterprises after being given greater decision-making power increased by 4.6 times from 2.1 billion yuan in 1978 to 11.8 billion yuan in 1981. Extra-budgetary funds of various institutions have also increased considerably. Thus, it is possible for various enterprises and institutions to appropriately pool funds for the state's disposal.

Of course, in our endeavor to solve the problem of construction funds, we must first strive to develop production, tap latent potential, increase revenue and cut expenditure and greatly increase economic returns. This is a fundamental way out. At the same time, we must, while continuing to enforce the present financial system and ensure the decision-making power of enterprises, take necessary measures to appropriately readjust the policy of distribution so as to put some of the over-decentralized financial reserves into the hands of the state. While thus pooling funds, we must of course continue to take into consideration the needs of the localities and enterprises and give scope to their initiative. Appropriate financial reserves must be left at their disposal so as to enable them to embark on those projects which they are best fitted to undertake. In taking these measures, we must pay attention to the limits of the policies, proceed steadily and work meticulously. I believe that under the leadership of the party central committee and through the hard work of the whole party and the people of the whole country, the strategic objective and priorities formulated by the 12th CPC Congress can definitely be achieved with great success.

CSO: 4006/192

AGGREGATE ECONOMIC DATA

GUANGXI'S QIN XINGJI ON 1982 ECONOMIC PROGRESS

OWO41322 Beijing XINHUA in English 1252 GMT 4 Jan 83

[Text] Nanning, 4 Jan (XINHUA)--Guangxi Zhuang Autonomous Region in south China in 1982 harvested 12.75 million tons of grain, an all-time record and 10 percent more than the 1981 harvest.

This was announced by Qin Yingji, chairman of the regional people's government, at the Fifth Session of the Fifth Regional People's Congress which came to a close today after a one-week session in Nanning, capital of the region.

The region made an all-round economic progress in 1982, he said, with industrial and agricultural output value exceeding the 1981 figure by 7.5 percent and nine percent respectively. The increase for the combined value of the region's industrial and agricultural output was 8.3 percent, he added.

Since 1979, he said, the region signed contracts with foreign, Hong Kong and Macao firms on 52 projects, which involve the use of foreign funds totaling 123 million U.S. dollars.

In the present Sixth 5-Year Plan period (1981-85), Qin Yingji said, the region plans to give priority to the construction of projects for the energy industry and communications and transport. It is also undertaking construction projects for agriculture and the textile, light, metallurgical and building materials industries. In all, twenty large and medium-sized projects, including big hydroelectric power stations, a railway line and wharves, are listed by the state for construction in Guangxi during the period.

CSO: 4020/41

'JINGJI GUANLI' ON LIGHT INDUSTRIAL PRODUCTION

HK171455 Beijing JINGJI GUANLI in Chinese No 11, 15 Nov 82 pp 18-20

["Economic Commentary" by Yan Shi [0917 1395] of the Ministry of Light Industry: "Light Industrial Production Should Be Suited To the New Circumstances Caused by Changes in the Market"]

[Text] The current economic situation in our country is excellent. Production has developed, the market is lively and the people's minds are at ease. On the market, not only the agricultural products and the by-products are relatively abundant, but also the daily use light industrial products are continuously on the increase, and the general supply situation is continuously making turns for the better. This is indeed an excellent situation never witnessed before since the founding of new China.

Since the 3d Plenary Session of the 11th CPC Central Committee, the state has placed in a very important position the development of light industry and implemented the policy of "six preferences," resulting in a rapid development of light industrial production. In the past 3 years, the country's light industrial production has showed a yearly average increase of 14 percent, and the units under the Ministry of Light Industry have achieved a yearly average increase of 10 percent in production. The output of the main consumer goods has increased on a large scale. When compared with 1978, the year of 1981 registered the following increases: bicycles, sewing machines and watches increased by 27 to 28 percent separately; beer increased by 31 percent; leather goods, shoes and furniture increased 18 to 24 percent separately; washing machines, electric fans and others increased by around 100 percent. The types and styles of these products have shown considerable increase and the quality has been enhanced. Between the years of 1979 and 1981, of the products manufactured by the units under the Ministry of Light Industry, 34 kinds of products were awarded state gold medals because of high quality; 108 kinds, state silver medals; 887 kinds, the title of superior quality products awarded by the ministry; 75 kinds, the hundred flowers prizes of the national arts and crafts. In these 3 years, new products turned out in various places on a trial basis amounted to over 17,000 species, about half of which had already been put on sale in the market in large quantities. The proportions of medium and high and products have also been raised. From January to August this year, the output value accomplished by units under the Ministry of Light Industry increased by 10.3 percent compared with the same

period last year, and the quality of most of the products were stable and enhanced to a certain degree. The work of upgrading and generation shifting also showed new progress. In the first half of the year, new products which were successfully designed and produced amounted to over 2,500 kinds; nearly 30,000 new types and styles were produced on a trial basis, about half of which have already come into the market.

With the reform of the commercial system, changes take place in the sales channels, and there appear various forms of marketing. Circulation has become multichanneled with fewer links, the market has turned more brisk and there is active purchase and sale of commodities. In the last 3 years, the total commodity purchase amount of the state-run commercial units showed a yearly average increase of 12.4 percent, and the total social commodity retail amount showed a yearly average increase of 14.6 percent. From January to August this year, the commodity purchase amount increased by 8.6 percent as compared with the same period last year, and the social commodity retail amount increased by 9.4 percent, of which 8.9 percent was the retail amount for consumer goods. A lively and brisk situation occurs in the light industrial products market seldom seen since the founding of new China.

With the development of production, the market supply of commodities has taken a marked turn for the better. For a long time commodities were rather scarce or even in short supply, and the supply situation was tense. All this has fundamentally changed. Particularly since last year, the contradictions between supply and demand in the market have eased with each passing day. For some commodities which were scarce or lacking in the past, with the exception of a few well-known brand bicycles or sewing machines, the majority of them are now to be purchased freely. The scene of long queues is seen less often. For the broad masses, the condition of "striving for purchase with money" has been changed to "selected purchase with money" and "saving up money to make selective purchases." In some areas, there is the phenomenon of "no purchase under five conditions," that is, no purchase if the quality is not good, no purchase if the style is not fashionable, no purchase if the color is not bright, no purchase if the brand is not famous and no purchase if the price is not reasonable.

There are also new situations and new problems under these excellent circumstances:

One of these is that the broad masses tend to select and demand commodities of higher quality and well-known brands. How the products' quality, types, styles and price ranges can be suited to the needs of the changing market has become a prominent contradiction. Old models, old patterns and products of inferior quality at high prices have become unpopular among the masses. Customers want to compare the products for their quality, prices, styles and packaging. Between regions and enterprises, there is very keen competition regarding the marketing of products, and the requirements for the enterprises' management have become more demanding. The past phenomenon of eating "rice of tension" or "rice of peace" exists no more. Now the commercial units have gradually reduced the work of state-controlled purchase and sales and planned purchase for light industrial products. And there has been a great increase

in selected purchase of products and the scene of "carrying a basket to do business," buying commodities in small batches but with more varieties has even appeared. It will not do if the productive enterprises cannot do a good job in management work. Thus some regional light industrial departments and units have the feeling that the present situation is excellent but "production is hard to tackle." And the commercial units and shops are under the impression that "doing business is rather difficult."

Another problem is that since the beginning of this year, a portion of the products in various regions has been in poor demand and overstocked. According to investigations and analysis on 86 kinds of state planned and ministry planned products, 24 kinds of products have been selling well or have sometimes been out of stock; 40 kinds of products are basically well balanced between supply and demand; and those products that are not selling well or have become overstocked include crude salt, tobacco, fountain pens, alarm clocks, enamelware, garments, leatherware, white spirit and others. The cause of this kind of poor selling performance and overstocking was the fact that in some regions and enterprises the changing market conditions and the new situation faced by light industrial production were not fully realized. The composition was not compatible with the consumption level; some products were of low quality; some styles and types were not suited to needs. The production of a small amount of products developed too fast with quantities produced exceeding demand. The prices of some products were too high for the average consumers, resulting in a slump in sales. The channels of circulation and the links between purchase and sales were poorly managed. In particular, the work of marketing light industrial products in rural areas was not conducted well enough, with the result that commodities abounded in some places but were in short supply in other places, or overstocked in cities which not available in the countryside.

We should seriously study the new situation caused by changes in the market and should handle the problems emerging with seriousness. With development of production, the rise of the people's income, and the gradual improvement of people's livelihood, there are changes in the structure and psychology of consumption of the masses. The order of importance for the expenditure of families has gradually changed from "eating, wearing and usage" to "usage, wearing and eating," and the masses further demand that "what is used should be of high class, what is worn should be pretty, what is eaten should be nutritious, and living quarters should be spacious." In addition, the sales situation in the market has become rather complicated. As for the commodities in the markets, long-term and short-term selling products, better-selling and poor-selling products, the conditions of all these are interwoven in different areas. At present, a portion of products has been in poor demand or overstocked. Of these items, some had been developed too fast regardless of the actual needs in the market, and production for these products should be reduced; but the solution to most of the problems lies in the improvement of quality, increase in styles and types, modification of specifications and price ranges and means of suiting the products to the actual needs. In addition, the relationship between industry and commerce and between industry and commerce should be further strengthened, channels of circulation should be dredged and the work of marketing should be done well. On the whole, the supply of



commodities in the last 2 years has been much improved, but the development of light industry is far from enough. Many light industrial products still cannot meet the market demand, especially so in the rural markets which supply the commodities to the 800 million peasants. In the last three years the social purchasing power increased at an average rate of 14.7 percent, which was higher than the yearly average increase of 14 percent attained by light industry in the country. The present surplus purchasing power of society is considerable, and this potential still maintains a rather great pressure on the light industrial market. At present, the supply of commodities has turned from the quota and ticket system to free purchase for many products. Production has turned from marketing based on production to production based on market needs and promoted by actual sales performance. In the light industrial market, the contradiction of quantity between supply and demand is being changed to problems related to the quality and types of commodities. "The sellers' market" is being turned into "the buyers' market." This kind of change marks the trend of the level of consumption of our people scaling a new height and imposing new and higher requirements on production. Faced with these new changes and new conditions in the market, the enterprises and administrative departments of light industry must change their own ideology and style of work, so that pressure can be changed into the motive force to sustain a steady increase in the light industrial production and to make fresh contributions to the readjustment of the national economy and to the improvement of the people's living standards.

The first important thing is to effect a change in guiding ideology. In order to cope with the new situation, guiding ideology in the light of industrial production must realize changes in six aspects: 1) to turn from laying importance on speed regardless of results to an integration of speed and effects; 2) to turn from laying importance on output value and quantity regardless of quality and types of laying importance on quality and new styles and types; 3) to turn from laying importance on production regardless of marketing to paying enough attention to both; 4) to turn from laying importance on cities and making light of rural areas to enough consideration for both, paying special attention to the needs of the peasants and the management of the rural fairs; 5) to turn from laying importance on external activities and making light of internal activities to developing production through internal activities and doing a good job in the technical transformation of the existing enterprises and motivating their internal potential; and 6) to turn from laying importance on short-term interests and making light of long-term interests to paying enough attention to both aspects in the work of production and planning with proper target and orientation in mind. These six aspects of change can be summarized into one focal point: that is, to firmly establish the ideology of whole-heartedly serving the consumers.

In conducting light industrial production, consideration must always be given to the needs of the consumers and their specific requirements, which can only be satisfied by strenuous efforts and active thinking. Take leather shoes for instance. With improvement in the people's lives, demand for leather shoes increased sharply. But in the past, production for this category was mainly directed to the needs of city consumers and the needs of rural consumers were neglected; as for the city consumers, attention was paid mainly to the needs



of the youths and the needs of the middle-aged and old people were neglected; as for the youths, emphasis was laid on the needs of the female comrades and the needs of the male comrades were neglected; as for the types and price ranges, emphasis was laid mainly on the medium and high ranges and "common goods" were neglected. As a result, production of women's high-heel leather shoes with related types and varieties increased considerably, leading to a slump in sales and to eventual overstocking, while leather shoes needed by others were insufficient to meet the needs with respect to the styles, types, price ranges or quantity. Since May this year, many shoe factories have been aware of this problem and corresponding efforts have been made in producing shoes needed by various age and sex groups in different price ranges, and the production of the enterprises has thus been enhanced. These newly added types, although they are mostly of lower price ranges with less profits, have gained rather good economic results because of their popular demand.

Second, the work process should be stepped up so that suitability of products to the actual needs can truly be realized. The main points are as follows:

1. Efforts should be made to enhance the quality of products, to create products of famous brands and fine quality, to initiate new products, new styles and new types. Of course, there are certain inherent difficulties in tackling problems of quality and new types. Plans must be made to produce a new generation of commodities, to store another generation, to make research for still another generation and to make projects for designing a further generation. For those units endowed with poorer conditions, two or three generations may be studied and prepared at the start instead of "grasping four generations at the same time." For this purpose scientific research work must be strengthened, full play must be given to the function of the scientific and technical personnel and their initiative must be mobilized; due attention must be paid to the technical innovation and minor inventions of the masses, and technical transformation of the enterprises must be actively carried out in a planned way with proper pinpointed items.

2. The structure of products must be adjusted to cater to the needs caused by changes in the market. As for those products whose supply exceeds demand, their production must be resolutely reduced and restricted, regarding some enterprises which had been set up without proper planning, administrative measures and necessary economic measures should be adopted to reorganize them, and they may be either closed, suspended, incorporated or converted depending on their actual conditions. Frequent investigations should be conducted on the supply and demand situation for various products so as to make clear the short-term and long-term needs and the sales performance; adjustments should be made to cater to the actual needs with smaller batches and more varieties - on a flexible and variable basis. Attention should be paid to the orientation of the purchasing power in adjusting the structure of products. For instance, with the intensive implementation of birth control, the number of single children in a family increases, resulting in new demands for children's goods and wares; with the increase of new residential apartments in various places, the demand for furniture and interior decoration materials has also increased; there are a great number of people over 60 years old, and, with numerous old

cadres and staff and workers retiring or resigning from work, new demands for food and daily-use wares needed by old people are on the increase; the development in tourism requires more materials and articles for tourists; with the improvement in the people's living standards and spiritual life, there will be new requirements for articles in the field of culture, physical training, entertainment and appreciation; and so forth and so forth. The light industrial departments and enterprises must notice these changes and new requirements and make timely preparations and arrangements in production. Furthermore, production of products of famous brands and fine quality should be increased based on the actual needs in the market, but at the same time the average quality and common products and small commodities used daily by the people should not be reduced in production.

3. Market research and investigations and sales work should be strengthened. In order to be suited to the needs, market needs should be made clear and market investigations should be enforced. The past method of emphasizing production only, regardless of market has become out-of-date. Under the present circumstances of market conditions changing very quickly, there is keen competitions among commodities and the above work has become especially important. The understanding of the market situation is not only a matter related to the commercial units, nor is it an extra burden for the light industrial departments and enterprises. Naturally the main sources of information concerning the market needs for production departments and enterprises should come from the commercial units which would have an overall understanding of the situation in commerce and which would issue relevant information from time to time. But in view of the vast territory of China, there are differences between different regions, and the consumers in various regions have different requirements for the products' styles, types, specifications and price ranges. The production departments and enterprises should also conduct their own market investigations, so that production can really satisfy the market needs and avoid poor sales results or overstocking. Regarding the marketing of products, the light industrial departments and enterprises should strengthen the links between industry and commerce, and strive for more purchase in the commercial units which are the main channels of circulation. The light industrial departments and enterprises should have close cooperation with the commercial units and exchange information and do a good job in market forecasting. At present, more emphasis should be placed on investigations on the rural markets, and joint efforts should be made in organizing the supply of light industrial commodities to the countryside to meet the needs of the rural markets. At the same time, the industrial units should develop their own marketing outlets in accordance with the relevant rules set forth by the leading organs. Part of the products can thus be promoted in sales by means of different types of outlets such as display and sales expositions, ordering fairs, means of associated sales and sales agents, and retail outlets and so on. All this can also serve as a form of market research by gathering opinions and comments from the consumers and by checking the suitability of the commodities to the market needs. Also in this way the cause of poor sales turnover can be found out, no matter what the problems may be, such as poor quality with high prices or the stagnation of the channels of circulation, or other defects in handling matters. In the past, the

production units only took care of production without paying attention to marketing; but now they should pay due attention to the work of marketing and make full use of the function of regulation of the market on the basis of improved planned management. Efforts should be made to do a good job in doing business, featuring such characteristics as fine quality, new styles, fashionable articles, reasonable prices and overall excellent service, so that a new path can be opened up integrating the two aspects of production and marketing.

CSO: 4006/192

## INDUSTRY

### BRIEFS

CIVIL OUTPUT INCREASED--War industrial enterprises subordinate to the Hunan Provincial authorities implement the principle of readjusting the national economy and take the road of combining war industry with civil production. They actively develop the production of civil products and have achieved noticeable economic results. In 1982 these enterprises overfulfilled their yearly plan for output value by 25 percent and achieved an increase of 45 percent against the previous year. The original plan allowed a financial loss of 6 million yuan for these enterprises; but in fact they gained a profit of 5.31 million yuan. In addition to that figure they paid 2.38 million yuan of taxes to the state. They thus fundamentally changed the situation in the previous 2 years in which they incurred losses. [Text] [HK171150 Changsha Hunan Provincial Service in Mandarin 2300 GMT 16 Jan 83]

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## GENERAL

### 'BEIJING REVIEW' CONTINUES SERIES ON MODERNIZATION

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[Article by Ren Tao and Wang Shunsheng: "Chinese-Type Modernization (2): Its Nature and Characteristics"]

[Text] China's modernization drive is socialist in nature, tempered by China's actual conditions. It has at least seven characteristics:

--An independent and comprehensive national economic system, built through self-reliance;

--A high priority on developing agriculture;

--A multi-layer technical structure that is gradually improving;

--An emphasis on expanding reproduction within existing enterprises and on tapping their potential;

--Taking socialist public economy as the basis while encouraging the co-existence of various economic forms;

--Enlarging the decision-making power of localities and enterprises in management under unified leadership and the state plan; and

--Building socialist spiritual civilization so as to ensure that modernization advances along a correct path.

A common question raised abroad is: What model will China's modernization adopt, Western, Soviet or East European? This is what we will talk about in this article.

Because ours is a poor country and its modernization has begun late, we will examine and draw lessons from other countries' experience (both positive and negative) so as to absorb whatever is useful to us. But, we will not mechanically copy their experiences or their models. We will proceed from China's specific conditions, sum up our own experiences and find our own road so as to build a truly Chinese-style modernization.

China's modernization programme is being undertaken in a great Asian country, on the basis of a socialist system. Its characteristics are linked with China's actual conditions, including its social system, its ecology and natural resources, the extremely uneven distribution of its population and its national traditions.

At the same time, modernization is a process of development from a lower level to a higher level. This process will be very lengthy in an economically and technically underdeveloped country like ours. By the end of this century, we can only be comparatively well-off. However, it will allow us to subsequently achieve a higher level of modernization. Therefore, it is too early now to provide a comprehensive summary of its characteristics, as many concepts still need to be tested and clarified in practice.

Nevertheless, we have gained some experience in the past 30 years of construction. From our own successes and failures and from the tortuous road we have traversed, we have improved our understanding of the country's realities and our ability to conscientiously grasp the laws of socialist construction. These enable us to deal with the question of China's modernization in this article.

In terms of its trend, outline and basic setup, we think the main characteristics of Chinese modernization have at least the following seven aspects.

#### Independent, Comprehensive National Economy

China is a socialist country with a population of 1,000 million. It has a vast territory, mostly located in the northern temperature zone, and has abundant natural resources (see "Facts and Figures," p 26), including all kinds of minerals. Its demand for industrial and agricultural products is enormous because it has a large domestic market. Thus it is possible and necessary for China to establish an independent and comprehensive national economy. But to do so requires that all economic sectors that have an important bearing on the state economy and on the livelihood of the people must be modernized.

China's modernization must be realized mainly through self-reliance. Some have said that self-reliance is too expensive. But, what shall we rely on if not ourselves? On "primitive accumulation"? (This term refers to the form of capital accumulation that characterized the period before capitalism, when the exploiting classes pounded the peasants, small producers and the colonies cruelly.) The time for that has passed forever. On "plundering" other countries? It goes against our socialist system. On "buying" from other countries? That is even more impossible.

We can only rely on our own labour power, material and financial strength to carry out the construction, that is, we must rely on hard struggle and domestic accumulation. It is a necessary cost, and a worthwhile one.

Of course, we will also accelerate modernization by seeking foreign aid, introducing advanced technology, utilizing available foreign funds and expanding

economic and technical exchanges with other countries on the basis of equality and mutual benefit. But foreign aid can only be secondary to our own efforts.

Today some countries with unstable economies have been put into such a difficult state by foreign debt that they have to tear down the east wall to mend the west one. We must learn from this and avoid it.

Actually, China now already has favourable conditions for its modernization.

After the implementation of five five-year plans, we have established a fairly comprehensive industrial system and a national economic system as well as a number of backbone enterprises equipped with advanced technology. In some fields, we have achieved a fairly high technological level. The distribution of industry has begun to spread from the coastal areas to the interior of the country. New industrial bases have been established in some formerly underdeveloped places. These constitute a material and technical foundation for modernization.

Socialist public ownership of the means of production and a planned economy enable us to readjust conscientiously and in a planned way the relationships between the various production departments, the relationship between economic development and social development and that between environmental protection and ecological equilibrium. They also enable us to make rational use of the productive forces and to coordinate national economic development.

The major causes for the seriously disproportionate development between the various branches of our national economy were the "leftist" mistakes in our guiding principles of work. The results of the past few years of economic readjustment indicate that coordinated and balanced economic development is possible when we correct these mistakes.

#### Priority Given To Agricultural Development

China's 800 million peasants account for 80 percent of its total population. This is the salient and most important characteristic of China. The condition of the peasants and agriculture have always been of vital importance for the country's political stability and economic development. It will remain so during modernization.

Agriculture is the foundation of the national economy, it feeds 1,000 million people, supplies 68 percent of the raw materials needed by the light and textile industries, provides a market for industrial products and accumulates funds for construction. Over the past 30-odd years, it has been shown repeatedly that agricultural output influences to a large extent the development of the national economy and directly determines the scale and speed of construction. In the following table, we can see that the three consecutive years of poor harvests (1959-61) in the decade between 1956 and 1965 were immediately followed by big drops in light and heavy industrial production. Later, when the conditions in agriculture improved, industrial production began to pick up again.

Table: Figures for Agricultural, Light and Heavy Industrial Production from 1956 to 1965 Unit:

Unit: Million yuan

Year	Agricultural Output Value	Percentage Increase Over the Past Year	Light Industry Output Value	Percentage Increase Over the Past Year	Heavy Industry Output Value	Percentage Increase Over the Past Year
1956	58,300#	5.0#	38,300#	19.7#	32,000#	39.7#
1957	60,400#	3.6#	40,500#	5.7#	37,900#	18.4#
1957	53,700		37,400		33,000	
1958	55,000	2.4	50,000	33.7	59,000	78.8
1959	47,500	-13.6	61,000	22.0	87,400	48.1
1960	41,500	-12.6	55,000	- 9.8	110,000	25.9
1961	40,500	- 2.4	43,100	-21.6	58,800	-46.6
1962	43,000	6.2	39,500	- 8.4	45,500	-22.6
1963	48,000	11.6	40,400	2.3	51,800	13.8
1964	54,500	13.5	47,600	17.8	61,700	21.0
1965	59,000	8.3	70,300	47.7	69,100	10.2

Note: Figures are calculated at 1957 constant prices, except those with "#" which are calculated at 1952 constant prices.

The present situation of China's agriculture is that the peasants are working to feed themselves. Only about 15 percent of all grain produced in China is commodity. Agriculture can only provide 50 million tons of commodity grain annually for urban consumption and for industrial development. Each peasant can only provide just over 80 yuan of surplus products. China's agriculture has not yet been freed from the state of semi-sufficiency. If we do not make great efforts to develop and modernize agriculture, the modernization of the national economy as a whole will encounter great difficulties and could even fail.

Giving priority to developing agriculture means that within the national economy, emphasis must be first placed on agriculture followed by light industry and then heavy industry, as was put forward by Chairman Mao in his "On the Ten Major Relationships" in 1956. The scale of development for light and heavy industries must be determined according to the amount of grain and raw materials supplied by agriculture and according to the needs of developing agriculture itself.



In the past few years, we have remedied the erroneous practice of "taking steel as the key link" in developing industry and of heavy industry serving mainly its own construction, which had prevailed since 1958. To a large extent, these practices were derived from the Soviet model. Thus, mistakes in guiding ideology kept our agriculture technically underdeveloped for a long time, with low labour productivity, a low commodity rate and a long-term imbalance between the production of the means of production and of the means of subsistence, so that consumer goods fell short of demand. Now we are using heavy industry to serve agriculture and light industry. This change, complemented by the agricultural reform, effectively promotes the increase of agricultural output and the production of consumer industrial products, and is a stimulus for the market.

#### Multi-Layer Technological Structure

The current level of production and technology of our country as a whole is still rather backward and development still uneven. For example, while our industry has some up-to-date technology, it also uses a considerable amount of semi-mechanized and manual work. Most of the technical equipment was made in the 1950's and 60's. In agriculture, the overwhelming portion of work is still done by hand and draught animals. This situation can only be changed gradually and therefore, it determines that the technical structure of China's modernization must be a multi-layer one.

Therefore, we will combine the findings of modern science and technology with bringing into play our abundant labour force. The modernization programme will be carried out within the needs and capabilities of the various departments and areas in a planned and gradual manner, based on importance and urgency. For a considerably long period to come, the basic setup probably will include the coexistence of automatic, semi-automatic, mechanized, semi-mechanized production and the traditional handicrafts, as well as the coexistence of technology-intensive and labour-intensive production.

As a first goal, by the end of this century, we will popularize the use of technology which were widely used in developed countries by the end of the 70's or in early 80's and which suits China's specific conditions in the important areas of our national economy. Of course, this is not to say that we will not adopt the world's most advanced technology in some backbone enterprises or key departments of the major productive sectors.

#### Emphasis on Technical Transformation

For years, China's economic construction has built new projects to the neglect of the technical transformation of existing enterprises. This practice actually meant allowing the few new factories to shoulder the task of expanded reproduction and the numerous old factories [to] engage in simple reproduction. As a result, quite a number of existing enterprises are in a technically primitive state with low economic results. If nothing is done to change this practice, even new factories will slide backward after several years. In this environment, how can modernization be accomplished?

It has become clear that in the future, expanded reproduction should mainly be accomplished by carrying out technical transformation in existing enterprises and updating their equipment. China now has 370,000 industrial and transportation enterprises. Efforts to technically transform these enterprises will save two-thirds of the investment, 60 percent of the equipment and material and about half of the time used to build new enterprises of the same production capacity.

Of course, many countries emphasize expanding reproduction within existing enterprises. But in China, technical transformation has long been neglected so that equipment is generally poor and too little fund is available for new construction. Thus, this shifting of emphasis is significant to the future of the industrial development.

#### Coexistence of Various Economic Forms

Because productive forces determine the relations of production, multiple layers of productive forces and technical structure naturally require various economic forms and management. For quite a long time to come, China's ownership structure will be based upon socialist public ownership supplemented by various other economic forms. Many varied and flexible measures will be adopted in business management.

During the economic readjustment and reform of the past few years, we have already carried out some effective experiments. A glimpse of this basic setup can already be seen.

Ownership of the whole people, i.e., state ownership, should be upheld in those important economic departments and large-scale key factories which have a bearing on the life-line of the country's economy, so as to consolidate and develop their leading role in the national economy.

In the rural areas where the level of productive forces is low, co-operative economic ventures and other joint economic organizations, where a single family or a work team are responsible for a given amount of output, are to be encouraged in accordance with the principles of volunteer work and mutual benefit. In addition to the few state-owned agricultural farms and stock-raising farms, so as to combine family management with collective management in an organic way. The plots for private use and family sideline production are necessary supplements to the rural public economy.

In the urban areas, co-operative enterprises funded by individuals or by shares should be developed. Small retail shops, snack stalls and small handicrafts in cities and towns should mainly be run by individuals who are allowed to hire a small number of helpers and apprentices. In 1981, the number of undertakings run by individuals reached one million as against 15 in 1959, about 1 percent of the total number of the workers and staff in state and collective enterprises.

Besides the three basic economic sectors--state-owned, collectively owned and individually owned--joint ventures with Chinese and foreign investment and

other joint economic undertakings which loosely link together different ownerships should be allowed to grow appropriately. None of these economic forms have changed socialist nature of China, nor will they in the future.

One of our long-standing "leftist" mistakes was blindly chasing after a high level of public ownership and large-scale collective management in agriculture, and abrogating the small co-operative economy and individual economy in cities and towns too early in disregard of the different levels in the development of the productive forces between town and countryside and between different areas. This "leftist" view holds that socialism can only have one single form of ownership, that is, public ownership, and that the existence of individual economy will surely lead to the development of capitalism. The result of its implementation was the popularization of absolute egalitarianism which dampened the initiative of labourers and hindered and undermined the development of social productive forces. The utilization of a variety of economic forms and management conforms to China's present situation--a low and uneven development level in productive forces. Practice since 1979 has proved that this important change in policy is beneficial to the development of the national economy, hence the necessity of continuing it for a long time to come.

#### Concentration and Decentralization

In China, the size and population of a number of provinces are equal to those of some countries in Europe. Therefore, the management of relations between the central authorities on the one hand and localities and enterprises on the other will also influence the pattern of China's modernization.

Generally speaking, the densely populated areas along China's east coast have a high level of economic and cultural development. There, the industrial enterprises are concentrated, transportation is sufficient and the scientific and technological levels are high, as is business management. Conditions for agricultural production are rather good and the peasants are accustomed to intensive cultivation, thus guaranteeing a good harvest despite droughts or waterlogging.

Natural conditions are harsher further west, where economic and cultural development is slow and underdeveloped. Some remote areas are almost inaccessible, very sparsely populated, with few industrial enterprises. Farming is primitive, involving extensive cultivation with low yields, (see "'East-West Dialogue' in China," No 33, 1982).

Because of the unevenness in economic development, the living standards of the east coast are quite different from the inland west. Similar economic unevenness can even be seen within one province or autonomous region.

On the other hand, both advanced areas and underdeveloped areas have their own economic advantages. Many of the poorly developed areas possess the biggest deposits of minerals and other natural resources. For example, Shanxi, Inner Mongolia and Guizhou have abundant coal and other industrial materials,

while wool, fur and leather are available in Xinjiang, Inner Mongolia, Qinghai and Ningxia.

But, to utilize these strengths we must change the mode we copied from the Soviet Union in the 50's--a system that is too concentrated and has too tight controls. We should, under the leadership of the unified policy of the central authorities and unified state plan, give the localities and enterprises more decision-making power in management, so as to encourage their initiatives. The localities should make best use of their own economic advantages in the light of their own conditions.

Of course, the work of concentrating or dividing the power should be done properly and reasonably. First of all we should implement the principle of a dominant planned economy supplemented by market regulation. In terms of macroeconomics, this means the state plan should be resolutely implemented to ensure a balanced development of the entire national economy; the role of market regulation should be utilized to activate the microeconomy of the localities and enterprises. As Chen Yun, a party leader and noted theoretician on economics, has said: Stimulating the economy is to be done within the framework of the state plan. The relationship between the two is like a bird and the cage. A bird should be allowed to fly, but within the framework of a cage. Otherwise, it will fly away.

Railways, communications, post and telecommunications, and civil aviation--all of which are closely related to the national economy and the people's livelihood--and the key enterprises and products should be under the unified management of the central authorities and specialized co-operation organized within the whole country. Most trades should be run by key cities and their production should be socialized. The central departments only oversee the trades' long-term planning, scientific and technological progress, technical standards and policies on technical affairs. Even those enterprises under the direct management of the central authorities should also be required to cooperate with the cities where they are located. Enterprises run by localities should comply with the state plan and be guided by the departments concerned in the central authorities. Such kind of reasonable division of labour will give play to initiatives of both the central authorities and the localities.

#### Socialist Spiritual Civilization

One goal of China's socialist modernization is to build socialist spiritual civilization to raise the educational, scientific and cultural level of the whole nation, and to foster lofty communist ideas, ethics and discipline. It is also an indispensable condition for realizing Chinese-style modernization. The role of spiritual civilization is to promote the construction of material civilization and guarantee its development along the socialist path. Thus, its role is to ensure that modernization will never go against its only aim of bringing happiness to the entire labouring people and not wealth to a few. This is the fundamental difference between China's modernization and capitalist modernization.

In the wake of the policy of opening to the outside world in the course of modernization, the influence of decadent bourgeois ideology and of bourgeois life style will increase in our country. In addition, the impact of the remnant domestic feudal ideology will continue to exist for quite a long time. Through building socialist spiritual civilization, we will conduct communist ideological education throughout the whole society to resist the corruption of bourgeois ideology, overcome bureaucratism and egoism and to foster good social conduct. Meanwhile, we will deal blows at the criminal activities in the economic sphere and the undermining activities of all saboteurs. By so doing, we will try to avoid the chronic maladies of capitalist modernization such as spiritual voidness, moral dejection, increased criminal activities and emphasizing profit-making above all else. Of course, this will be a long-term task.

All in all, the nature of China's modernization is socialist; its characteristics are: proceed from China's actual conditions, use varied forms and flexible measures and advance step by step in an orderly way. It embodies down-to-earth Marxist ideology in the economic sphere.

CSO: 4020/41

GENERAL

LIU TIANFU DELIVERS GUANGDONG WORK REPORT

HK070800 Guangzhou NANFANG RIBAO in Chinese 30 Dec 82 pp 1-3

["Liu Tianfu's Government Work Report"--delivered at Fifth Session of Fifth Guangdong Provincial People's Congress on 24 December--passages within slant-lines published in boldface]

[Text] Dear deputies: Now I am going to deliver, on behalf of the provincial people's government, a report on economic construction in 1982 and our major tasks for 1983 to this congress for examination and approval.

I. The Year of 1982 Is a Year in Which Our Province's National Economy Has Developed Healthily.

This year is a year in which our province has achieved all-round industrial and agricultural growth amid the readjustment and in which we have cracked down on economic crimes and strengthened our economic management in order to ensure an even healthier development of our national economy. It is also a year in which the people throughout the province have made triumphant progress in persisting in carrying out the policy of opening up to the outside world and enlivening the domestic economy.

At the beginning of this year, the Fourth Session of the Fifth Provincial People's Congress pointed out that a very good situation of 3 consecutive years of persistent growth had emerged in Guangdong's economic construction and at the same time it also pointed out the many new phenomena and problems that have been encountered. Over the past year, under the leadership of the Guangdong Provincial CPC Committee, we have followed the line of the 3d Plenary Session of the 11th CPC Central Committee, adhered to the four basic principles, firmly implemented the principles and policies of the CPC Central Committee and the State Council, continued to readjust our national economy, persisted in opening up to the outside world, enlivening domestic economy and carrying out special policies and flexible measures and thus made the overall economic situation increasingly better and brought our province's national economy onto the road of developing in an even more healthy manner.

//1. A bumper harvest of grain and an all-round development of agriculture, forestry, animal husbandry, sideline undertakings and fishery.'" The situation in our rural areas is very good and is becoming increasingly better. The

various forms of agricultural production responsibility system have been consolidated and developed, and the peasants' initiative in developing production has risen to an unprecedented height. This and the favorable weather since last summer's harvest have brought about an overall bumper harvest. The estimated total annual agricultural output value for the year (this and all the following figures are the estimated figures for 1982) amounts to 12.7 billion yuan, an increase of 6 percent which exceeds the 4 percent target of increase set by the last session of this congress. The grain output totals 37.5 billion jin, which is an increase of 4.6 billion jin or 14 percent over last year and is greater even than the tremendous bumper harvest of 1980. The rational readjustment of the structure of our agriculture has boosted the sharp increase in industrial crops and the rapid development of diversified undertakings. The total output of sugarcane amounts to 15.84 million tons, which is 18.7 percent more than that of last [words indistinct] amounts to 12.94 million dan, 9 percent more than that of last year. The provincial output of grain, food oil, sugar, pigs and tea have all set new records. We have also overfulfilled our target for the output of aquatic products and for the cultivation of forests, having developed 4.86 million mu of forests which exceeds the planned target by 7.9 percent. The production of the fine fruits to the south of the Nanling Mountains has been restored. Along with the readjustment, the enterprises run by brigades and communes have further developed and their total output value has reached 6 billion yuan, 12.3 percent more than that of last year. The all-round development of agriculture and diversified undertakings has gradually shifted the vicious circle caused by "regarding grain production as the only appropriate undertaking" onto a favorable circle of making the development of agriculture, forestry, animal husbandry, sideline undertakings and fishery promote one another while paying attention to grain production. This is a foundation for the health development of our province's national economy.

//2. Our industry has maintained a relatively great speed of growth and both light and heavy industry has developed.// Our industry has achieved a total output value of 27 billion yuan, which exceeds that of last year by 8 percent. This figure may exceed the 7 percent target of increase consisting of 9 percent increase in light industry and 6 percent increase in heavy industry that was put forward in the last session of this congress. Both the air, railway and the road transportation departments have fulfilled their targets in an overall manner. We have furthermore increased our economic results. Most of the figures of the 13 indices for monitoring economic results, such as the output and quality of the major products, the income of sales of products, the realized profits, the ratio of taxation to output value and the output value per laborer, have improved compared with those of last year.

We have also to some extent developed our energy exploitation and transportation facilities. This year we have supported the production and exploitation of energy by providing funds and adopting favorable taxation and pricing measures. Coal output has increased by 5 percent. An additional electric power generator with a capacity of 132,000 kilowatts has been newly installed and the total electric energy production has increased by 8.9 percent over last year. The per output value direct energy consumption has been reduced throughout the province and the total energy conserved in the year amounts to



more than 900,000 tons of standard coal. The volume of passenger transport has risen by 6.3 percent and that of freight transport by 2.2 percent. The volume of freight handled by our ports has risen by 7.2 percent. In order to put an end to our province's weakness in energy and transport, we have started the construction of and included in our plan the major projects, such as Shajiao Power Station, the (expansion of) Shaoguan Power Station, the double-line projects of the southern section of the Beijing-Guangzhou Railway and the construction of the Sanshui-Yaogu section of the Sanshui-Maoming Railway.

//3. The technical transformation and enterprise consolidation initially is now underway and economic results have been improved.// The work of technical transformation is already taking up the attention of the leadership in many areas and enterprises. It is regarded as a task to bring about a strategic change in the development of our national economy and is thus given priority and provided with funds, foreign exchange, materials and equipment. This year, a total of 1 billion yuan has been invested in technical transformation in our province, 13.4 percent more than that in last year. Of these funds, 67 percent are used in developing the production of consumer goods of daily use and the exploitation and conservation of energy and the rest are mainly used in improving the quality of our products and our traffic and transportation facilities, lowering the consumption of raw materials, controlling the pollution of waste water, gas and materials and providing labor production and production safety facilities. The additional production capacity that we have gained through technical transformation can create an annual output value of 2.47 billion yuan, which is double that created by our investment in the year. They will increase the tax revenue by 490 million yuan and will make back the funds invested in them in 2 years. Our enterprise consolidation has been centered on raising our economic results. During the consolidation, we have reorganized and perfected the economic responsibility system, improved our administration and management, improved our labor organization, fixed the number of staff and workers and targets in organizing production, strictly enforced regulations related to reward and punishment and the discipline of financial and economic work and perfected our financial and accounting systems. After the consolidation, the first batch of more than 400 enterprises where experiments of consolidation have been carried out have raised their economic results to a higher level than other enterprises and have increased their realized profits by 12 percent and the profits handed to the state by 10 percent over last year. We have also achieved fine results in consolidating our capital construction, financial and trade enterprises.

//4. We have made our market prosper and increased our financial revenue.// This year, both the purchases and sales of our market have prospered, and the supplies of food, clothing and commodities of daily use become relatively abundant. Net purchases and net sales have respectively increased by 9 and 12.2 percent over last year. The total retail turnover and the total volume of trade in urban and rural fairs have increased respectively by 15 and 18 percent. The supplies of agricultural and sideline products have become increasingly abundant, the meat supplies in our urban areas have been relatively regular and the supplies of vegetables have not fluctuated widely. Even in the usual short-supply season, there are enough supplies of vegetables. The varieties of our industrial consumer goods have been daily increasing and



the contradiction between supply and demand has shifted from requiring a larger amount of supplies onto requiring better quality of goods supplied. The consumers are now retaining money to make a good choice of purchases or depositing money for future purchases. A new trend of shifting from a "seller's market" onto a "buyers' market" has emerged. We have eased the long-standing great shortage in our province's market and this is indeed a magnificent achievement.

We have increased the density of the network of our commercial service and diversified our trade methods. This clearly marks the prosperity of our market. This year, 2,500 enterprises and more than 60,000 individual trades have been added to our province's commercial network. As a result, trade has been enlivened in some previously desolate towns and industrial and mining areas. An increasing number of varieties of trade methods such as holding commodity exhibition fairs and goods exchange fairs, sending couriers to carry goods for sales on carts or on a shoulder pole, and providing 24-hour shopping service in some shops and evening service in some shopping areas. All these have been praised by the masses because of the convenience that they have provided. We have started to bring price hikes under control. The overall situation related to prices in our province is that the state-prescribed prices have remained stable, the negotiated prices have increased to certain extent, the prices in the fairs have fluctuated up and down, being lower in the latter half of the year than in the first half and the rise in the retail price index is smaller than that of last year.

The original target for our province's revenue was 4.3 billion yuan, but this target has recently been fixed by the state after its examination at 4,168.47 million yuan. The estimated revenue this year is 4.2 billion yuan. This means that we will have over fulfilled the target fixed by the state and increased our revenue by more than 140 million yuan or 3.5 percent over last year. The net volume of currency that has been put into circulation this year is around 600 million yuan which is more than 500 million yuan less than that of last year and more than 200 million yuan less than the target of control in our plan. At the same time, a new situation has emerged in which a major problem of foreign trade deficit has cropped up and must be solved as soon as possible.

//5. We have continued to develop our external economic activities.// Because of the depression in the world market, the devaluation of Hong Kong dollar and the losses that we have suffered in our exports, our exports have dropped this year. However, our external economic activities have still been lively. The province has received 17 percent more income from processing foreign goods than the same period last year and the amount of investment in the newly signed contracts of compensation trade, cooperation and joint ventures have increased by 17 percent. We have made new progress in receiving contracts for carrying out construction abroad and for providing labor force abroad and have received US\$9.16 million through completing this kind of contract. The estimated foreign exchange income of the province will be US\$2.75 billion, 7.8 percent less than last year's figure. Overseas Chinese and Hong Kong and Macao compatriots have donated more than 60 million yuan to help the construction of their homelands, and one-fourth of these funds have

been used for developing education. The number of those who came to our province to visit relatives or for sightseeing has increased over the same period last year. The remittance from abroad and the income from tourism have increased by 7.8 and 10.6 percent respectively. We have recently opened up the direct shipping services from Wenjindu, Jiangmen and Zhuhai to Hong Kong, restored the direct shipping service from Huangbu to Hong Kong and set up ten additional loading and unloading docks.

//6. We have initially opened up a prospect for the construction of the special economic zones.// These special economic zones are being constructed while plans on their construction and laws related to them are being formulated. They have attracted some foreign investment and introduced some advanced technology and equipment. They have also completed a number of projects of basic civil engineering and daily life service facilities and have turned the original desolate border county and towns into cities that have begun to take shape. Particularly in Shekou, Shenzhen, we have persisted in carrying out division of labor between the government and the enterprises, expanded the autonomy of the enterprises, contracted construction projects by economic means, streamlined our organizations, paid attention to our economic results and thus have speeded up the construction and initially turned a desolate stretch of beach into a prosperous industrial port district. For this, we have been praised both at home and abroad.

Our special economic zones have conscientiously drawn in foreign capital and introduced advanced technology and equipment. They have opened up a large variety of channels for raising funds and speeded up the construction. By the end of August 1982, Shenzhen Special Economic Zone had drawn in foreign investment for 728 projects which had employed more than US\$240 million of foreign capital. The aggregate investment in the capital construction completed there amounts to more than 730 million yuan for which one-third had come from foreign investment, one-third from the accumulated funds of the zone, 16 percent from the investment of the relevant departments of some inland areas and bank loans and 12 percent from the investment of the province. The Zhuhai Special Economic Zone has introduced 13 projects of industry, communications, tourism, housing, etc., which have already employed US\$16.5 million. Moreover, it has already built docks and opened up a shipping route to link it with Hong Kong. The aggregate investment in capital construction completed there amounts to more than 58 million yuan, of which more than 50 percent is foreign investment, more than 40 percent is the accumulation of the special zone and only 6.3 percent has come from the provincial investment and bank loans. Shenzhen and Zhuhai municipalities have already gradually shifted their economic structures from being mainly agricultural ones to being comprehensive ones with simultaneous development of industry, agriculture, commerce, housing and tourism. Some of the technology they have introduced has already been passed on to the inland areas. The Shantou Special Economic Zone has also begun to set up some joint venture projects and completed the construction of the roads linking the urban areas and the power transmission and water supply facilities.

The special economic zones have speeded up the development of their production. In 1982, the total industrial and agricultural output value and

financial revenue of Shenzhen Municipality have increased by 32.4 and 25 percent respectively over 1981 and those of Zhuhai Municipality have increased respectively by 8.2 and 30 percent. The reform in the economic structure and organizations began earlier in Shenzhen Special Economic Zone than in other areas. Along with the development of the economy in the special zones, the people's livelihood has been remarkably improved, their income has greatly increased, the social order has become increasingly stable, the construction of spiritual civilization has continuously developed and a daily-changing prosperous situation has emerged. This has completely put an end to the previous situation of slow development of production and instability in the areas of Shenzhen and Zhuhai that border with Hong Kong and Macao. Many people who left the areas have come back of their own accord.

//7. We have, to a relatively great extent, developed our cultural, medical, educational, science and technology undertakings.// During the period of the readjustment of our national economy, we have increased our educational funds year by year. In addition to the 25 and 18 percent increases in the previous 2 years, there has been a further increase of 18.8 percent this year. Thus the amount of funds has risen to 680 million yuan, that is, one-fifth of the total financial expenditure of our province. We are establishing and making preparations to establish Shantou University, Foshan Teachers Training College, Jiaying Teachers Training College, Hainan University, a college of finance and economics and a college of law and political science. We have accepted over 2,000 more students than last year into our higher education institutions. We are putting an end to the uniformity of our middle school education and have raised from 14.9 to 15.7 percent the percentage of the students studying in teachers training schools, professional training schools, technical training schools and other rural and urban professional schools in the total number of our middle school students. We have universalized primary school education in 23 municipalities and counties and fulfilled the task of eliminating illiteracy among our youths and adults in 20 municipalities and counties.

In our science and technology work, we have carried out the policy of making science and technology serve economic construction and achieved a number of scientific research results to facilitate the development of industrial and agricultural production. This year, 138 key scientific research items have received awards for their good results and 120 of them have been popularized in application, of which 25 items have created more than 47 million yuan of output value in a year. In order to promote the close combination of science and technology and economic construction our various areas have invented various methods, including passing on technology for compensation, contracting technical service, providing advisory service and establishing combinations of scientific research and production. Thus they have speeded up the popularization and application of the results of scientific research. We should particularly point out that along with the establishment of the agricultural production responsibility system the initiative of peasants in learning and applying science has risen to an unprecedented height and new fine strains and new agricultural technology are being rapidly popularized. For example, the fine hybrid rice species of "shuanggui [7175 2710] No 1" and "guang er [1639 0059] 104," the fine peanut strain of "yue you [4727

3111] 187," the fine species of domestic animals and fish and the new agricultural technology such as the scientific application of fertilizer to control nitrogenous elements and the technology of thick fish breeding in flowing water in our lakes, all these have played an important role in increasing agricultural output.

We have improved the medical service and hygiene in our rural areas. We have readjusted and consolidated commune hospitals, brigade clinics and the system of cooperative medical service. Certificates have been issued to more than 16,800 bare-foot doctors after examinations. As a result we have brought about a change in rural medical service and hygiene and improved the health of the masses of the people.

Our cultural, sport, broadcasting, television, press, publication and other undertakings have developed vigorously. In our literary, art and fine art circles, a lively situation of thinking, creating and performing has emerged. The traditional literary and art activities loved by the people, such as music pageants in the flower season, autumn artistic competitions, lantern festival pageants, the dragon boat competition in the dragon boat festival and the kite-flying competition in the double ninth festival, have all re-emerged with brand new features. There is increasingly diversified and abundant cultural life in our urban and rural areas. Our province's sports teams have taken part in international sports competitions, won 38 gold medals and broken 3 Asian records. They have also set 12 national records in competitions at home.

//8. We have further improved our people's livelihood.// We have increased the salaries of all the middle and primary school teachers and some of the medical and sports workers in our province. Since last October, we have begun to readjust the wages and salaries of some of the cadres, staff members and workers in our state organs and scientific, cultural, educational and medical institutions. The average wage of our staff members and workers has reached 940 yuan per annum, an increase of 6.5 percent over last year. The income of our peasants continues to increase relatively greatly. According to the investigation and calculation of the income of 847 households in 27 counties, the per capita annual net income may be as high as 380 yuan, which is 16.9 percent more than that of last year. The total amount of bank deposits of the urban and rural people has risen sharply. The balance at the year's end is more than 5.9 billion yuan, 30 percent more than last year's figure. In our urban areas, 260,000 people have got new jobs. Our investment in urban construction has increased by 7.8 percent over last year and the area of housing construction completed this year has increased by 10 percent over last year.

During the past year, we have continued to bring a turn for the better to the public security situation in our urban and rural areas. The number of criminal cases has dropped and the public security situation in our urban and rural public places and on our railways and roads have already universally improved. The masses of the people have a great sense of security now.

At the same time, we have also made progress in our work related to overseas Chinese, nationalities, religion, the united front, the construction of the old areas, the development of the militia, civil administration, giving preferential treatment to family members of martyrs and servicemen and providing jobs to retired servicemen.

We should particularly point out that in the first half of this year, some of the counties and municipalities in our province suffered excessively great flood disasters. Nearly two million mu of farmland was flooded and more than two million people suffered from the disaster. The PLA troops in our province quickly rushed to the first line to fight against the flood and carry out relief work. Our troops and people fought shoulder to shoulder in rescuing the lives and property of the people. By so doing, they have written a moving chapter of lofty communist ideology. The other areas in our motherland and the overseas Chinese and Hong Kong and Macao compatriots showed great concern for the people of the flood-afflicted areas and expressed their kind consolidation and warm support. This has greatly encouraged the people in the flood-afflicted areas and heightened their confidence in and determination for restoring production and rebuilding their homelands. Many flood-afflicted communes and brigades have striven to achieve a bumper harvest in spite of the serious disaster.

The reason why we have been able to make successful progress in healthily developing our province's national economy and other undertakings in the past year lies mainly in the fact that under the correct leadership of the CPC Central Committee and the State Council and the guidance of the state plan, we have constantly persisted in carrying out the policies of opening up to the outside world and enlivening our internal economy and in obtaining a powerful motive force through opening wider to the outside world and making our policies at home even more flexible. At the same time, we have resolutely carried out the CPC Central Committee's "decision on cracking down on serious criminal activities in the economic field" and conscientiously solved the problems that have cropped up due to our ideological, political, economic management and legislative work lagging behind our progress. Thus we have led our province's economy onto a path of healthy development. We have focused on the following four kinds of work:

//(1) We have adhered to the policies and measures that have been proved effective by practice and maintained the stability and continuity of our policies. In order to solve the new problems in our economic development, we must adopt a series of policies and measures to crack down on serious economic crimes and strengthen our management and supervision. However at that time, there was a relatively widespread apprehension among our cadres and masses of big changes in our policies, of shifting the emphasis from economic construction and of the expansion of the scope of the struggle. Therefore, right at the beginning of the struggle to crack down on economic crimes, we made it clear that we must persist in regarding economic construction as the focus of our work and the struggle against economic crimes as a strong guarantee for the healthy development of our economy, and that we will simultaneously strengthen our economic management and supervision and enliven our economy.

As actual measures, we stressed the drawing of a strict demarcation line of policy, clarified the focus of the struggle, strictly distinguished smuggling, trafficking of contrabands, speculation and fraudulent activities from proper economic exchanges and cooperation and normal trade and encouraged normal business, purchase and sale activities. We stressed that the special policy and flexible measures carried out in Guangdong would remain unchanged and made clear, through various forms and channels, to Hong Kong and Macao compatriots, overseas Chinese and foreign investors that our cracking down on economic crimes was aimed precisely at protecting the proper interests of the businessmen and facilitating the development of trade and economic exchanges. Moreover, we have used our actions of respecting contracts and keeping our credit to remove the suspicion of some foreign and Hong Kong businessmen. At the same time we required our departments at all levels to adhere to all the policies and measures of opening up to the outside world and enlivening our domestic economy that had been proved effective by practice. At the same time, we told them to improve certain imperfect policies and measures through summing up their experiences and readjust those that were not entirely satisfactory and had some defects. We should be resolute in restoring law and order and we should not waver in opening up to the outside world and enlivening the economy. If some problems are found in the progress of our work, we should make allowances for people's mistakes and stress summing up experiences and drawing on lessons, as long as these mistakes do not constitute economic crimes and have been committed in order to do the work well. If a practice that the provincial authorities had given directives on and allowed to be carried out was later proved to be erroneous, the provincial leading group should shoulder the responsibility for it. We should explain to the large number of cadres and masses that we should rely on developing production and raising labor productivity in order to increase income and improve livelihood and that we will never tolerate any unhealthy practice. We require the leading groups at all levels to give priority to the interests of the whole situation and the collectives and to be good at giving play to the initiative of the producers and managers as individuals. We should be very prudent and should not be rash in making decisions on the measures involving taking back the power and interests that may harm the production initiative and bring about negative results. In handling complicated matters, we should take local conditions into account, properly distinguish things and refrain from making decisions in haste before getting a clear understanding of the situation. We should make much investigation of the new things that have emerged in our economic work and should not create many fetters to find them for fear that we might stifle the vitality of our economy. We should resolutely maintain the stability and continuity of our external and domestic policies and persistently refuse to backtrack, to constantly change our measures, to seek uniformity or to blindly copy the patterns of other people.

//(2) We have vigorously developed the struggle of cracking down on serious criminal activities in the economic field.// We organized the large number of our cadres and masses to study the relevant documents of the CPC Central Committee and the State Council so as to heighten their awareness, and made them clearly realize that only by resolutely cracking down on the criminals who had seriously undermined our economy could we guarantee the healthy development of our economic construction. We required the leading comrades at



all levels to personally pay attention to this work. In order to strengthen their leadership over the struggle, the provincial, prefectural, municipal and county CPC committees in our province each divided into two groups, in order to centralize leadership and carry out division of labor, thus ensuring that neither production nor the struggle will be neglected. Since the beginning of last March, the struggle has begun step by step throughout the province. It focused on cracking down on the criminal activities of smuggling, trafficking of contraband, graft, bribery, speculation, fraud, and embezzlement of the property of the state and collectives, and particular attention has been paid to major key cases. At the same time, we should carry out widespread education among our cadres and masses in observing the law and discipline and opposing corruption. Since the "resolution on severely punishing the criminals who have seriously undermined our economy" of the 22nd meeting of the 5th NPC Standing Committee, more than 4,190 people in our province have confessed on their own. By the end of last November, more than 6,800 economic criminal cases had been exposed throughout our province and 622 of these cases were of major importance. So far, we have already wound up 2,597 of these cases. We have recovered more than 25 million yuan of money embezzled and a large number of embezzled goods, and have confiscated a number of illicit foreign currency certificates and Hong Kong currency. In the struggle against smuggling, we have arrested 693 boats used in smuggling and confiscated smuggled money and goods of a total value of more than 97 million yuan. At the same time, we have strictly banned any activities of trafficking in contraband. In handling serious economic crimes, we have stressed that we must base ourselves on facts, act according to the law, lay stress on the weight of evidence, refrain from obtaining confessions by compulsion and giving them credence and distinguish between serious crimes and mistakes of ordinary nature. The whole process of the development of our struggle has been healthy and we have managed to mobilize the masses to fight economic crimes without launching any political movement and to rescue a number of errant people as well as vigorously crack down on serious economic crimes. The practice of the struggle has proved that most of our cadres are good or relatively good, and are honest. As pointed out by Premier Zhao Ziyang at the Fifth Session of the Fifth NPC: "Now some people are saying that we 'have dealt blows only to flies but not to tigers' in the view of these people, it seems that we can only be regarded as dealing blows on 'big tigers' if we find some economic criminals in our top leading cadres." The large number of facts discovered in cracking down on economic crimes this year have proved that this view is impractical and wrong.

//(3) In order to counter the new situation and solve the new problems that have emerged in our economic work, we have adopted a series of measures to strengthen the guidance of our planning and to strengthen our management and supervision.// First, we have strengthened our management of export and import and foreign currencies. We have reaffirmed that in carrying out import and export trade, we must adhere to the principle of dealing with foreigners in unity and with a unified policy and cooperating in concluding transactions with them. We have stipulated that an enterprise must obtain the approval of the provincial government before it starts export and import trade and must carry out this trade within an approved sphere. We have perfected the system of examining and approving the import of goods and strictly controlled the import of consumer goods. We have corrected the malpractice of some units of

pushing up the prices and purchasing goods for export from other provinces and in importing consumer goods and reselling them in other areas. At the same time we have strengthened foreign exchange management, put an end to illegal foreign currency trade and readjusted the direction of spending retained foreign exchange. Second, we have strengthened our market management and banned unauthorized trade operation. We have investigated and registered the noncommercial units that have undertaken trade activities and suspended, closed down, transferred, merged and retained according to their different merits the commercial enterprises run by administrative organs, mass bodies, troops and schools. Third, we have readjusted the policy of purchasing and purchasing with award agricultural and sideline products and strengthened our education among the peasants in socialism, patriotism, collectivism and the idea of taking into account the interests of the state, the collective and the individual. Thus we have put an end to the trend of the reduction in the purchases of agricultural and sideline goods. The total amount of purchases of agricultural and sideline goods were 10.6 percent more than estimated last year. The purchases at the state prescribed prices increased by 16.6 percent and they constituted 58 percent instead of last year's 55 percent of the total purchases. The quantities of purchases of 18 major products including grain, oil, sugar, pigs, fish and fruits have increased. Fourth, we have strengthened the planning and management of our capital construction and strictly controlled its scale. We have placed emphasis on striking a comprehensive balance and included all the capital construction in our plan of arranging funds. All the large and medium-sized projects should be examined and approved by the state council or the provincial government. Moreover, we have strictly controlled the projects that are to be developed by raising funds independently, investigated into this kind of project under construction and suspended the construction of blindly planned projects, duplicate projects and projects for which there are no conditions for construction. The amount of investment in the capital construction completed this year will have been the same as that in the previous year. Fifth, we have readjusted our award system and resolutely banned the malpractice of paying excessive bonuses. We have strictly controlled the level of and sources for bonus payment and issued level by level right down to the basic-level the bonus control targets for this year according to the principle of retaining last year's bonus level. We have concentrated on investigating the units that have paid excessive bonuses and put an end to the malpractice of paying excessive bonuses in money or in kind and paying excessive allowances. As a result we have basically brought bonus payment under control.

//(4) We have strengthened our ideological and political work and resisted the erosion of the capitalist ideology.// We have carried out anti-erosion education among our cadres and masses, commended a number of typical people who have maintained their honesty and who have had the courage to fight against illegal and criminal economic activities while publicly reporting in our newspapers more than 100 cases of economic crimes. We have cooperated with the standing committee of the provincial people's congress in formulating the law on banning drug trade, drug taking, prostitution and gambling, on searching and prohibiting pornographic publications and pictures and on meting out severe punishments to the offenders in this sphere. Throughout the province, a number of pornographic publications and pictures have been confiscated, a number



of unhealthy and pornographic sound and video tapes have been impounded and a number of illegal video-tape-showing places have been banned. At the same time, we have paid close attention to building up socialist spiritual civilization. In the process of our propaganda and education, we have stressed continuing to heighten cadres' and masses' understanding of and confidence in socialism and communism and clarified the relationships and distinction between education in communist ideology and the adherence to the implementation of the current socialist policies. We have stressed continuously heightening the cadres' and masses' sense of morality, encouraging the spirit of dedicating oneself for the interests of the people and have striven to establish a new type of relationship between people characterized by mutual respect, care, help, friendship and cooperation. All these constitute a sharp contrast to the hollow, decadent, corrupt and degenerate spiritual life and the relationship of naked monetary interests under the capitalist system. We have stressed continuously strengthening discipline education and strictly enforced our discipline. In order to carry out the special policies and experiment the special economic zones, we must have an especially high awareness, especially good general mood of society, especially lofty morality, especially strict discipline and especially high work efficiency. Moreover, we should refrain from pursuing special treatment and privilege and from regarding ourselves as being special cadres and should educate all cadres and masses to refrain from doing anything that may damage the dignity of our country and of ourselves. We have emphasized that we should continuously strengthen cultural construction and vigorously develop ideologically healthy, lively and diversified literary, art, sports and recreation activities of a fresh new style. We have carried out in a widespread manner throughout our province diverse forms of civility and courtesy activities including the movement of "all-people courtesy month." We have also developed the hygiene and sanitation activities of municipalities learning from Foshan and towns learning from Shuidong. During the past year, we have effected relatively marked improvements in the morality and general mood of our society.

All the achievements scored by us in the passing year are the results of the diligent labor and work of all the workers, peasants, intellectuals and cadres in our province under the leadership of the CPC Central Committee, the State Council and the Guangdong Provincial CPC Committee and constitute a victory for the unity of the people of all nationalities, the unity between the army and the people and the unity between the government and the army. Moreover, the warm concern and support of the broad ranks of patriotic overseas Chinese and Hong Kong and Macao compatriots is also indispensable for us in scoring these achievements. I hereby extend, on behalf of the Guangdong Provincial People's Government, our gratitude to the comrades on all fronts, the PLA commanders and fighters and all the compatriots at home and abroad!

Dear deputies: When we analyze the situation and confirm our achievements, we must not fail to see that we are still faced with a number of relatively prominent difficulties and problems in the process of developing our province's national economy. Our energy and communication are still weak, our education is relatively backward, the development of our science, technology, culture and economy all falls short of our demand and we have not yet brought a great change for the better to the poor economic results in our production,

construction and circulation. All these are seriously hindering the development of our national economy. We suffered great losses in our foreign trade. Some of our counties and municipalities have received poor financial revenues. In spite of our great efforts and large amount of work in developing birth control, we have only succeeded in slightly reducing the rate of natural increase of population over last year and failed to control population growth according to our plan. Taking the nation as a whole, our province is still relatively backward. The prices of some foodstuffs and means of agricultural production are still too high and we are still faced with quite a few problems related to the general mood of society and public security. We must conscientiously deal with all these problems and vigorously improve our work and solve these problems in the future.

## II. Strive to Fulfill All the Tasks for 1983

The CPC Central Committee and the State Council have pointed out: The general goal of struggle for our country's economic construction in the 20 years from 1981 to the end of this century is to strive, under the prerequisite of continuously raising our economic results, to quadruple our country's total industrial and agricultural output value. This is a task of first priority for all the people in our country in creating an overall new situation in our socialist modernization.

Can our province manage to quadruple its total industrial and agricultural output value in 20 years? Certainly it can. Our province's total industrial and agricultural output value in 1980 was 33.9 billion yuan. A quadrupling means an increase to 135.6 billion yuan or an annual increase of 7.2 percent. During the 31 years after liberation from 1950 to 1980, in spite of a few setbacks, we still achieved a 7.5 percent annual average increase in our total industrial and agricultural output value. In some periods, the rate of increase exceeded 10 percent. In the future, under the leadership of the CPC Central Committee and the State Council, we will have a political situation of prolonged stability and good rule and we will not again suffer from setbacks in our economic construction since we have obtained both positive and negative experiences. Our province will carry out special policies and flexible measures to give better play to its strong points. We will gradually carry out systematic reform to our economic structure and transform step by step our technology laying stress on key sectors. All these, together with the development of and progress of science and technology, will continuously raise our economic results. Under these favorable conditions, the development of our industry and agriculture will reach and exceed the greatest speed that we have achieved in the past. Therefore, we will be able to achieve the strategic goal of quadrupling ahead of schedule. All the people in our province should, under the guidance of the spirit of the 12th CPC Congress and the 5th Session of the 5th NPC, further emancipate their minds, be inspired with enthusiasm, have the courage to overcome difficulties and to make investments and make their due contributions to making our economy prosper and creating an overall new situation.

According to the national arrangement the first half of the 20 years will mainly be spent in laying the foundation and creating conditions for the

economic boom of the latter half of the 20 years. The key to the fulfillment of the first decade's tasks lies in the first 5 years. The Sixth 5-Year plan for the development of our province's national economy is being revised and formulated in accordance with the corresponding plan of the state. It will be delivered to the First Session of the Sixth Provincial People's Congress for examination and approval. Therefore, I will not talk much about it here. Now I am going to focus on giving some opinions on the major tasks for 1983:

The major targets of our province's national economic plan for 1983 are as follows: The total industrial and agricultural output value will be 41.4 billion yuan, 4.7 percent greater than that of 1982. (This and the following figures are all our forecast.) The total agricultural output value will be 13 billion yuan, an increase of 4 percent. The total industrial output value will be 28.4 billion yuan, an increase of 5 percent. The national plan is to "ensure a 4 percent and strive for a 5 percent increase," but we should "ensure a 5 percent and strive for a 6 percent increase." The total retail sales in the society will increase by 9.4 percent, total value of export will increase by 5 percent, the total income of foreign exchange will increase by 2.1 percent and the financial revenue will increase by 7.3 percent. People's livelihood will be improved correspondingly. The natural rate of increase of population will drop to 1.3 percent. All these targets are formulated in the manner of leaving some margins, therefore, we can overfulfill them if we make efforts.

The year of 1983 is the third year of the Sixth 5-Year Plan. The implementation of the spirit of the 12th CPC Congress and the 5th Session of the 5th NPC and the satisfactory carrying out of next year's work will not only lay foundations for the fulfillment of the Sixth 5-Year Plan, but also make the necessary preparations for the constant healthy development of our national economy in the coming few years. We should mobilize all our cadres and masses and all our departments, areas, enterprises and institutions to score new achievements, make new contributions and add new glory to the great cause of socialist modernization.

In doing the work of 1983, we cannot lay stress on every field of work and we should pay attention mainly to satisfactorily doing the following three things and achieve markedly good results in order to bring along all other work. The first is to grasp the strategic keys, that is, the development of agriculture, energy, communications, education and scientific undertakings, especially the development of agriculture. Laying foundations in the first decade and bringing about a boom in the second decade mainly means in our industry. Our agriculture is developing very quickly now and there is great potential to tap. We should continue to give play to the great power of our policies, rely on the role of science and strive to achieve sustained and stable increase in our agricultural production. The further great development of our agriculture next year will be of great significance for the development of our entire national economy. Second, while shifting the emphasis of our work, we must strive to lead our economic work onto the orbit centering on raising economic results and strive to achieve a rate of increase not lower than that of this year. And third, we should complete the structural reform of the organs of the provincial and municipal levels and make our administrative and

management structure and organizations suit the requirements of the reform of our economic structure. The concrete arrangement of our next year's work is as follows:

//1. We Should Speed Up the Development of Agriculture, Energy, Communications, Education and Science Undertakings.//

We should vigorously grasp the all-round development of our agriculture and strive to achieve a tremendous bumper harvest next year. The most fundamental way is to continue to implement the series of correct policies formulated since the 3d Plenary Session of the 11th CPC Central Committee and the diverse forms of the economic responsibility system and give further play to the initiative of our peasants. At present, we should gradually stabilize, improve and perfect the various forms of the contract responsibility system, linking remuneration with output, that have already been established in most of our province's rural areas. A new situation of coexistence of the state-owned, collective and individual economies and various kinds of production responsibility systems have already emerged and will continue to exist in our countryside for a fairly long period to come. We should by no means change this situation at will or overstep the level of development of our social productive force. In the future, along with the development of production, different areas will continue to make progress from different starting points and various economic forms and management forms will compete with one another in practice. Some will be further developed and some will be eliminated through selection. The leading groups at all levels should proceed from the demand for the development of the commodity economy, adhere to the principle of seeking truth from facts, respect the creation of the masses and sum up experiences together with the peasants in order to continuously perfect the rural economic structure in the process of readjustment and reform. The newly-emerged specialized households, households doing specialized jobs and the various forms of economic combinations, that provide service before or after production, mark a new stage in the development of our agriculture toward the orientation of commodity production, specialization and socialization. We should adroitly guide action according to the trend, sum up our experiences and develop and improve the diverse forms of combination in practice. In developing our agriculture, especially the diversified undertakings, we should focus on helping and supporting the development of specialized households and simultaneously develop the economies of the state, collectives and individuals. We should fully utilize the vitality and strength that the responsibility system has brought to our rural economy and follow the path of achieving an all-round development of agriculture, forestry, animal husbandry, sideline undertakings and fishery and of combining the management of agriculture, industry and commerce.

We should adhere to the policy of never neglecting grain production while vigorously developing diversified economies. We should maintain unchanged the amount of land used for grain cultivation and should not allow any reduction of this amount. At the same time, we should strive to raise the per-unit area output and thus increase the total output. We should concentrate on improving the land with low output by comprehensive means. We plan to improve 1 million mu of such land next year. We should satisfactorily develop water

conservation construction, consolidate our dams and improve the capacity of resisting disasters in our farm land. Being densely populated, our province lacks land for our people to till. We should never concentrate all our labor forces on our limited farm land. On the contrary, we must widen our field of vision and fully utilize our mountainous areas, aquatic areas and beaches to vigorously develop forest, livestock and aquatic products. In this respect, we have great potential to tap, especially in our mountainous and minority nationality areas. All our departments should vigorously support the development and construction of these areas. In our mountainous areas, we should conscientiously close our hillsides to livestock grazing and fuel-gathering in order to facilitate afforestation, organize the masses of people to make and protect forests and develop diversified undertakings, such as small tea plantations, orchards, bamboo plantations and medical herbs plantations. We should intensify the investigation of and research into our policies related to fishery and salt production and continue to make our policies flexible and enliven our economy in order to promote the development of production in our coastal areas. We should resolutely adopt measures to severely eliminate the malpractice of our rural areas of excessively building houses on farm land without authorization and excessive lumbering in our forests. We should hold responsible the relevant leading persons and must punish them through legal means if their cases are serious.

We should continue to develop foodstuff production bases in the outskirts of our cities and in various localities throughout our province. We should continue to reorganize and develop our commune and brigade enterprises and develop new combinations. We should allow peasants to process, transport and sell their surplus agricultural and sideline products after they have fulfilled their sales quotas.

Over the past 3 and more years, a vast stretch of our rural areas has undergone a tremendous transformation. As a result, we have developed our agricultural production and given play to our peasants' initiative in developing commodity production. However, the work of our departments has fallen far short of the demand of this transformation. All our departments, especially those related to circulation, communications and banking, should fix in their minds the idea of serving the peasants and serving the development of agriculture, help and guide our peasants and further enliven our rural economy. We should consciously put an end to certain outdated policies and measures that hinder and restrict the development of our rural economy and substitute for them the policies and measures that facilitate and promote the development of the rural economy. Thus we will make our work suit the new situation and base our agricultural development on the continuous raising of the production initiative among our peasants.

A shortage of energy and communication facilities is the key factor that restricts our province's economic development. A fundamental measure to solve this problem is to pay close attention to completing the construction of a few major projects. The State Council has already approved the construction of a nuclear power station in our province. This is the greatest construction project in our province in developing additional energy sources. We should speed up making all the preparations for it: our province's long-term

principle concerning energy should be paying attention to both the conservation of energy and the development of energy sources. At present, we should first pay attention to conservation and, at the same time, speed up the development of key projects of exploiting energy. We should make great efforts to complete as soon as possible the expansion projects of the Shaoguan Power Station, the construction of the Shajiao Power Station, the expansion of Baipengzhu and other hydraulic power stations and the preparatory work of planning and designing related to the construction of the Mianhuatan Hydraulic Power Station. In developing energy and communications, we cannot rely solely on the efforts of the state and instead should rely on giving play to the initiative of all sectors through our policies. We should adopt satisfactory methods to appropriately concentrate, in accordance with volunteerism and the principle of mutual benefit, the scattered funds of masses and enterprises on developing energy and communications, especially coal mining and small hydraulic power stations. The solution to the problem concerning the supplies of electricity for rural daily life will greatly raise the material and cultural standard of living of our peasants and facilitate the solution to the problem related to forest protection. Moreover, this will promote the development of the industry related to the manufacture of a number of electric appliances and the processing of agricultural and sideline products. Therefore, this is a problem affecting our all-round situation. The key to our conservation of energy lies in renewing our equipment and carrying out technical transformation. We must formulate practical plans and adopt realistic measures to immediately start this work and gradually achieve this goal. At the same time, we should continue to close, suspend, merge and shift a number of enterprises that produce goods in excessive supply, use backward equipment or consume excessive amounts of energy, and control the production of the products that require an excessive consumption of energy. In order to solve the communication problem, we should stress strengthening our development of water transport, speed up the construction of the coal dock at the Huangpu Port, continue to carry out the policy of "developing ports through developing port services," expand and transform the Port of Guangzhou and a few important medium-sized and small ports to expand their capacity and gradually renew our inland ships and realign our inland water routes. The construction of the double-line development project of the Hengyan-Guangzhou Railway and the construction of the Shanshui-Maoming Railway (Shanshi-Yaogu Section) has already begun. The relevant departments, prefectures, municipalities and counties should vigorously support and coordinate the construction and help and ensure the progress of construction.

Education is the basis for achieving the four modernizations. The governments at all levels must earnestly pay attention to it and regard it as a strategic key. Our higher education will continue to develop in the process of readjustment. We should fill the gaps and set up the specialities in short supplies. Hainan University, Shantou University and the Institute of Finance and Economics should create conditions for recruiting students step by step. We should pay attention to higher education among adults, pay further attention to satisfactorily running our television university, speed up the development of colleges for cadres and do a good job of training our cadres by rotation. At the same time, we should make preparations for setting up short-term professional universities, developing professional middle schools and speeding up



on-the-job training of our staff and workers. We should continue to restructure our middle school education and turn a larger number of ordinary middle schools into professional or agricultural middle schools. In strengthening our primary school education, we should pay attention to raising the ratios of the students who really learn what has been taught to them and those who pass the examination. We should strengthen the training of our teachers and strive to raise the quality of our education. We should continue to develop our sports activities, conscientiously increase sports equipment and sets, raise the technical level of our athletes and improve our people's physical condition.

We should establish in our minds the idea that in order to achieve economic prosperity, we have to rely on the progress of science and technology. Our science and technology should be geared to the needs of economic construction and our scientific and technical workers should plunge into the practice of economic construction. In carrying out scientific research, we should give priority to the subjects of key importance in greatly [word omitted] our economic results. We have initially selected 42 major scientific and technical projects and regard them as the obstacles that we should organize cooperation to tackle next year. These are mainly related to the technology of selecting and cultivating fine species and high output farming technology, the conservation and exploitation of energy and the test manufacturing and application of new materials, new technology, new components, new equipment and new products. We should continue to popularize the results of the development of new technology that can bring about good economic results, popularize and improve fine species and technology, research into and popularize the scientific application of fertilizer and the mix of fodder and sum up our experience to perfect our technical responsibility system linking remuneration with output. In our rural areas, we should develop as soon as possible scientific and technical research and science popularizations which serve the needs of the peasants and increase our peasants' scientific and technical knowledge.

We should continue to implement our policies related to the intellectuals and given full play to their initiative. At present, this is a problem that we must pay close attention to solving. True, there are still some intellectuals who love the CPC, socialism and the motherland, give no thought to personal gains and losses and are loyal and devoted to the revolutionary cause, but who we have failed to really understand and satisfactorily employ. This most fundamental thing in implementing the policies related to our intellectuals is to solve the problem related to our understanding of the role of the intellectuals and to create better working and living conditions for them. We must continue to eliminate "leftist" ideology. We must regard the intellectuals as a part of the working class, improve their social position in order to enable them to really become a force we can rely upon in our four modernizations. We must show concern for their political progress and pay attention to promoting cadres from the intellectuals. We should conscientiously help intellectuals, especially the middle-age intellectuals, to overcome difficulties in their work and lives, distinguishing the order of priority of these difficulties and overcoming them accordingly. Those we can overcome at present must be overcome as soon as possible.

//2. We Should Conscientiously Carry Out Technical Transformation and Enterprise Consolidation and Raise Our Economic Results.//

Our major targets for raising our economic results in 1983 are as follows: A reduction of the energy consumption by 2.5 percent and of comparable costs of products in state-owned enterprises by 2 percent and 2.5 percent increase in our per-laborer productivity rate. We plan to shorten the time needed for completing our capital construction and technical transformation projects and to lower their costs. Eighty-five percent of the additional fixed assets paid for next year should go into operation within that year. We should oppose waste and raise the quality of our products. We require that all our products should be produced in accordance with the technical standard and the market demand, and the quality of all our products, construction and service should be better than in this year.

In order to raise economic results, we should rely on the progress of technology in our enterprises. In order to urge our enterprises to pay attention to technical progress, we must adopt the following corresponding policies and measures: first, we require that all our enterprises should formulate their plans for technical transformation and the development of new products; second, guiding measures will be adopted and a deadline will be set for stopping the use of backward technology and the production of backward products; and third, we should adopt policies and measures related to price expenditures and the sharing of retained profits to facilitate and encourage the development of new products and the utilization of new technology.

We should put an end to the backwardness in our existing enterprises' equipment and technology as soon as possible. Next year, by means of raising funds in our enterprises and areas on and for their own and by taking bank loans, the total amount of investment that is arranged to be used in technical transformation and renewal of equipment in our province will be 1 billion yuan. We must use these funds satisfactorily. All of our provincial and municipal authorities should pay attention to some key projects. We should link the processing of foreign goods with foreign materials or components, or according to foreign examples, compensation trade, introduce cooperation and joint ventures with foreigners with our technical transformation and vigorously introduce appropriate advanced technology and equipment. We should also do a good job of assimilating the technology we have introduced from abroad. All our enterprises should carry out in a widespread manner the activities of small renovation, encourage small inventions and creations and praise and give awards for the renovation of any product, component or process.

One of the important measures for raising economic results is to consolidate the existing enterprises and improve their administration and management. Next year, we should continue and complete the consolidation of our big and medium-sized backbone industrial and communications enterprises and complete the consolidation of one-third of our financial and commercial enterprises in accordance with the five requirements for consolidating our enterprises. Through the consolidation, we will set up a responsibility system in our enterprises that clearly links the remuneration of all staff and workers including leading cadres with production results, markedly improve labor discipline and



attitude, make our products meet the demand of the community and markedly improve our major economic and technical indices and comprehensive economic results.

//3. We Should Satisfactorily Carry Out the Structural Reform at Our Provincial, Municipal and Prefectural Levels and Continue To Conscientiously Reform Our Economic Structure.//

We should systematically carry out structure reform in order to meet the demand of the development of our social productive force. If we do not carry out these series of reforms, it will be impossible for us to succeed in our modernization. The fundamental starting point of this structure reform is to make our structure match the distinguishing features and demand of the new period of socialist construction. Its aim is to readjust and strengthen the leading cores at all levels, streamline our inflated and overstaffed organizations, select to promote a large number of fine, better educated and professionally competent young and middle-aged cadres, give on-the-job training to our cadres by rotation, overcome bureaucracy and raise work efficiency. In the process of this reform, we should vigorously simplify the structure and reduce the number of staff members in our economic management departments and vigorously strengthen and perfect the departments responsible for comprehensive economic coordination, statistics, inspection, legislation and the administration of justice. At the same time, we should continue to expand the economic decisionmaking power of our enterprises, form economic combinations and gradually achieve the aim of making a clear distinction between government organizations and enterprises and managing the economy by economic organizations and economic means.

We should immediately begin to pay close attention to carrying out our structure reform at the provincial, prefectural and municipal levels and basically complete this reform in the first half of next year. The focus of this reform is the reorganization of our leading groups. We should select and promote into our leading groups a number of both virtuous and talented young and middle-aged cadres according to the requirements of making our leading groups revolutionary, younger, better educated and professionally competent. We should solve the problems related to the cooperation between the old and new cadres and the succession of the elderly cadres by the new ones. Through the structure reform of the provincial government, we should eliminate the intermediate leading stratum between the provincial leading group and the provincial departments and committees, place them directly under the provincial leading group and give full play to their role. The provincial government will no longer directly manage any industrial enterprises except some backbone ones on a provincial scale. The leading groups of these committees, offices, departments and bureaus of the provincial government should have fewer deputy chiefs and nominal posts and should be formed by two to four people. In reorganizing our existing enterprises on principle, we should dissolve the duplicated organizations, merge the organizations doing similar business and turn into economic entities or institutional units the organizations in which the government affairs and enterprise or institutional business cannot be separated. Inside our organizations, we should reduce the number of strata and the indirect labor force. Through the reform, we should clearly stipulate

the scope of duties of every administrative organization, every unit and every individual and establish and perfect the job responsibility system for all kinds of cadres at all levels, fixing the staff number for every unit and fixing the tasks for every staff members. During the process of this structure reform, we should also conduct experiments of merging the prefectures with the municipalities, using prefectures in economically relatively developed areas according to the requirements of the economic structure reform. Thus we will enable the municipalities to lead the counties in the economic areas that have taken shape in the process of history and place all urban and rural undertakings under centralized management.

This structure reform is a revolution. We should carry it out systematically in a well-organized manner, with a clear orientation and by sound steps. The principal leading cadres should personally take part in this reform and follow a mass line. They should do a good job of substituting new cadres for elderly ones in an orderly manner. Old comrades should recommend people with talents and abilities in the public interest. We should make satisfactory arrangements for the elderly cadres who will retire from the first line. All those who are retreating to the second line or are retiring should satisfactorily perform their duties before they leave their posts. Before the formation of the leading groups in the new organizations, we should refrain from causing unease in people's minds or the emergence of the phenomenon of having nobody to take care of our production and work will arise. We should charge the existing leading groups with the duties or fully and continuously taking care of the production and work of their units and areas. In short, we should never allow any gap, slackness or other confusion to emerge or cause our state to suffer any losses because of the structure reform. Perhaps we may adopt the method of setting up two leading groups in a unit to be separately responsible for reform and production. We should overcome, through structure reform, the work style of putting things off, shirking responsibility and doing things perfunctorily and gradually build up the governments at all levels into streamlined, effective and incorruptible organizations that maintain close ties with and are supported by the masses.

The economic structure reform is an important guarantee for an all-round increase in our economic results and for the success of socialist modernization. The government structure reform will vigorously promote the reform of the economic structure. As our province carries out special policies and flexible measures, we should conscientiously develop the reform of our economic structure and strive to achieve it earlier than other areas. Next year, we should further consolidate, develop and perfect the reform that has been carried out in the past few years and that have been proved to be effective. The system of assigning full financial responsibility and dividing the profit between the enterprise and the government will remain unchanged. However, we should adopt appropriate measures to raise some specified amount of funds for key construction projects. In our industrial field, we should conduct experiments of substituting taxes for the handing over of profits on a larger scale. At the same time, we should continue to popularize Qingyuan's experience and implement different forms of the economic responsibility system linking responsibility, power and interests. We should relate the reform of the government structure of our prefectures and municipalities with giving play to the role of

key cities. We should pay close attention to the circulation system, promote the production and exchanges of commodities and further enliven our urban and rural economies. Concerning the reform of our foreign trade system, we should correctly implement the principle of regarding planned economy as the core and supplementing it with the regulation of the market mechanism. Thus we will control major aspects with our plans and relax our control of minor aspects which will be controlled through our administrative management over industry and commerce and by means of economic levers. By so doing we will ensure the steady and harmonious development of our national economy.

Besides, we should further study in accordance with directives of the CPC Central Committee and the State Council, the way to reform the economic management system of our Hainan Administrative District and continue to implement the policies and measures of opening up to the outside world and enlivening our economy at home and to expand the island's decision-making power. All the relevant departments in our province should vigorously support the development of Hainan Island.

//4. We Should Continue To Develop Our External Economic and Technical Exchange and Satisfactorily Run Our Special Economic Zones.//

We should continue to develop, within the scope of the prescribed policies of the state, our external economic activities and strive to create a new situation in our external economic work.

Concerning our foreign trade, we should conscientiously expand our sales abroad and open up a new market. We should enable our enterprises which produce for export or conduct foreign trade to be promptly made aware of any change in the international market and the development of the new technology in the world and thus urge them to continuously put into the market new varieties of goods and raise their competitive ability. We should continue to readjust the composition of our exports and develop the exportation of our electric, mechanical, textile and light industrial products, various kinds of fresh and living goods, local special goods and handicraft goods. We should increase the proportion of mineral products in the total amount of our exports. By means of carrying out technical transformation and improving the quality of our products and our foreign trade administration and management, we will reduce our costs and put an end to the serious losses incurred in our exporting system. We should conscientiously and effectively utilize foreign capital. All areas and departments should formulate their plans for utilizing foreign capital, taking into account and matching their local conditions and selecting some key projects to focus on. We should continue to develop the undertaking of contracting for construction and labor cooperation abroad and open up new fields for our external economic work.

Our special economic zones must be developed ever more satisfactorily by continuously summing up experience. At present, we should follow the regulations of the state and give greater decision-making power to these zones in order to enable them to act flexibly in light of their actual conditions under the prerequisite of observing the major principles of the state. In formulating regulations involving the special economic zones, all the provincial departments

must take into consideration the special conditions there and should not seek uniformity. The special zones should speed up the formulation of their law and decrees and perfect the legislation related to them.

//5. We Should Develop the Circulation Channels of Our Commodities, Make Our Rural and Urban Economies Prosperous and Basically Maintain the Stability of Prices.//

Under the prerequisite of adhering to the planned economy, we should continue to enliven our purchases and sales. Concerning the circulation of our products, we should place under the management of our mandatory plans the means of production and living that are important for our national economy and people's livelihood and under the management of our guidance plans the commodities the production of which we order by contracts. As for the large amount of third-class agricultural and sideline products and the small commodities in the third class of our industrial products that are diverse in their variety and have a great and widespread demand in our society, we should make our policies flexible and let the market regulate their production. We should continue to develop the practice of signing various kinds of production and sales contracts, carry out purchases and sales in many forms, including setting up joint ventures of manufacturing and marketing and relating purchases to processing, build closer relations between industry and commerce and between agriculture and commerce and strengthen the links between purchases and sales.

We should conscientiously develop the channels for the circulation of our commodities, resolutely break local trade barriers and remove the obstacles that block the exchange between urban and rural areas. We should put an end to the system of separating the circulation in rural areas from that in urban areas and establish a new system to merge the two circulations into one. We should pay close attention to reforming the system of purchase and sales cooperatives, restore its collective and commercial nature, increase the mass nature of its organization and make its administration democratic and its management reflexible. We should strive to soundly complete this reform as soon as possible throughout our province. Under the principle of placing the state-run commerce on a guiding position, we should establish for the circulation of commodities a market that is of multiple components, has many channels and few intermediate links and is open to all, carrying goods to other places for sales is a kind of hard labor and is the continuance of the process of production. Therefore, it is a supplement to the circulation channels provided by our state-run and collective commerce and should naturally produce some rational profits. We should not regard it as speculation or fraud. The state-run commerce should coordinate and adjust the proportions of the various kinds of economic compositions according to the principle of strictly controlling wholesale and decontrolling retail, support and encourage the development of collective commercial undertakings and individual traders and peddlers in order to spread the commercial network consisting of diverse economic patterns to every corner in our province, make our market prosperous and provide convenience for the masses.

We should strengthen our work of purchasing agricultural and sideline products, widen the channels for these products to enter our urban market and continue to improve the foodstuff supplies in our urban areas for our troops and in our industrial and mining enterprises. We should continue to satisfactorily develop the vegetable and foodstuff supply bases for our cities. We should strengthen our work of making above-quota purchases, satisfactorily carry out economic cooperation, increase our sources of goods and thus make up for the deficiency of our supplies. According to the principle of "giving priority to rural areas for the supplies of industrial goods for which both the urban and rural areas have a demand," we should vigorously organize supplies of industrial goods in our countryside and give play to the role of our production enterprises in marketing their own products.

Prices are still an unavoidable problem in our province. The governments at all levels must resolutely implement the "regulations on price management," strengthen their market management, strictly enforce price discipline and carry out frequent supervision and inspection in order to basically maintain the stability of prices. At the same time we should also pay attention to giving play to the role of prices as an economic lever.

//6. We Should Increase Our Revenue, Reduce Our Expenditures and Try By Every Means Possible To Achieve an Equilibrium Between Revenue and Expenditures.//

The basic way to achieve a balance of revenue and expenditure is to develop production, expand circulation, increase revenue and reduce expenditure. Our principle for increasing revenue is to rely on developing production and improve enterprise administration and management to increase the tax revenue and the amount of profits turned over to the government. Concerning the undertakings that have suffered relatively serious losses, such as grain and food undertakings, we should strive to reform the management system, improve administration and management in order to reduce losses or shift from suffering losses into earning profits. We should find ways to make satisfactory and adroit use of our retained foreign exchange within the scope of the state policies in order to make up for our losses. The principle for spending our revenue should be to give more support to the development of production, continue to persist in carrying out the policies and measures for increasing revenue and reducing expenditure that has proved to be effective, widely implement diverse forms of the financial responsibility system and make all our departments, enterprises, staff and workers be concerned for financial management and consciously create more wealth for the state and reduce and put an end to waste. We should enforce our financial and economic discipline, intensify our financial supervision, strictly control the allocation of all kinds of financial subsidies and forbid the excessive payment of bonuses. Concerning the enterprises that lack funds for investment, we should properly make our policy flexible with far-reaching insight and allow these enterprises to raise development funds through developing their own undertakings, subject to the approval of the provincial departments of their lines and the financial department, thus we will facilitate the development of our factories, mines, roads, ports and tourism. We must adopt correct policies and appropriate methods to guide and organize our localities, enterprises, communes and brigades to use our own funds in the fields of construction that the state

urgently needs. Next year, we should continue to fulfill the task of purchasing exchequer bonds. Except for a few exempted items. All localities, departments and units should pay to the state a prescribed percentage of their income not included in the state budget as a charge for funding the construction of major energy and communications projects. The big collective economic organizations in our urban areas should also pay a percentage of their after-tax profits for this purpose. This is the bounden duty of all our localities, departments and units. We must proceed from the interests of the whole situation and enthusiastically buy the bonds and pay this charge in order to support this important construction which will benefit both the state and the people.

//Controlling population growth is a basic policy of our state and will affect the whole situation of our national economy. This is especially important and urgent in our province.// The change in our rural economic system has given rise to new problems in our work of controlling population growth in a planned manner. Our governments at all levels should strengthen their leadership and concentrate their efforts on satisfactorily carrying out their birth control work in our rural areas. Our broad ranks of birth control workers should continue to do arduous and meticulous work, deepen their propaganda and education, popularize effective measures and try every means possible to put an end to our province's backward situation of failing to control population growth within the target of our plan. Recently, the propaganda department of the CPC Central Committee and eight other units jointly issued a circular on developing a nation-wide movement of "birth control propaganda month" in the period from New Year's Day to the spring festival next year, taking rural areas as the key areas. The units and departments at all levels must closely coordinate with one another and conscientiously pay attention to satisfactorily developing the activities of the "birth control propaganda month."

Dear deputies: In order to fulfill the economic construction task, we must resolutely crack down on the serious criminal activities in our economic, political and cultural fields that undermine socialism and vigorously pay attention to satisfactorily building up our socialist spiritual civilization, democracy and legal system while persistently carrying out the policy of opening to the outside world and enlivening the domestic economy. At the same time, we should continue to implement our policies related to overseas Chinese, other nationalities, religions and the united front and develop a stable and united political situation.

//Cracking down on serious crimes in the economic field and carrying out our anti-erosion struggle is a long-term task.// We should further raise the awareness of the leading groups at all levels, conscientiously sum up our experiences and carry on this struggle to the final end. The leading groups at all levels should continue to pay attention to major key cases and to the areas and units where there are relatively many problems and where the work of investigation has not really been carried out. Any economic crime should be thoroughly investigated no matter who is involved in it and we should never allow shielding of offenders. We should relate the struggle of cracking down on economic crimes with the current work of fighting against the unhealthy practice of building and allocating houses. We should conscientiously deal



with and resolutely eliminate this practice and seriously punish the offenders. We should continue to use the cases that have already been exposed to carry out anti-erosion education among our cadres and masses. We should conscientiously study the tricks that the offenders have adopted in order to find the loopholes in our system and work and thus closely link the handling of the cases with education, reorganization and reform. Our administrative and judicial departments and our industrial and commercial management and crime investigation organizations must pay close attention to the direction of movement of the criminal activities and promptly change their fighting strategy and methods to counter the changing new tricks of the criminals. All the units should consolidate their accounting and stock management systems, strengthen their inspection and supervision and gradually include the struggle of cracking down on economic crimes in their day-to-day work.

//We should continue to strengthen our public security and create an even better working environment and social order for the four modernizations.// We should firmly deal blows at the sabotage activities of secret agents, spies, counter-revolutionaries and criminal offenders and continue to mete out, according to law, severe and prompt punishment to various kinds of criminal offenders who have seriously undermined our public security. As for those criminals who propagate sex and violence, commit smuggling, engage in drug trade, abduct and kidnap women and children and lure women to become prostitutes, and the bad elements who make profits by means of selling pornographic sound and video products, pictures and publications, we should deal resolute blows at and severely punish them. We should never allow these poisonous vermine to grow on our socialist soil. At present we should pay particular attention to severely punishing those who have taken the lead in committing excessive lumbering in our forests. We should really implement the comprehensive measures for strengthening our public security and establish and perfect the responsibility system geared to security and safety and the basic-level public security organizations. We should satisfactorily strengthen public security within our units and in our rural areas and educate juvenile delinquents. Our middle and primary schools should strengthen their education in the law, discipline and the rights and duties of citizens. All parents and adults must regard strengthening education among youngsters as their bounden duty.

//We should conscientiously study and implement the new Constitution and strengthen the construction of our legal system.// The new Constitution approved by the Fifth Session of the Fifth NPC is a general program for good and stable rule in our country. It will play a tremendous role in promoting our country's socialist modernization and is of tremendous significance in strengthening the construction of our socialist legal system. The governments at all levels must regard the new Constitution as the fundamental guiding principle for their actions and shoulder the responsibility of safeguarding its dignity and guaranteeing its implementation. We should publicize the new Constitution in a big way, organize our cadres and masses to widely and deeply study it and make it familiar to everybody. Centering on the key tasks of our province's economic construction, we should conscientiously coordinate with the provincial people's congress standing committee the strengthening of the work of local legislation and intensifying the propaganda of and education in the socialist legal system in order to give rise to a fine habit among our

masses of people of studying, understanding and observing the law. All government departments and personnel at all levels should set an example for the masses in observing the state law and earnestly act according to the law, strictly enforce it and punish offenders without the least deviation.

//We should satisfactorily grasp the construction of socialist spiritual civilization./ Communist ideology is the nucleus of socialist spiritual civilization. Among our masses of people, we should carry out communist education in a widespread manner to make more and more people foster a dialectical materialist and historical materialist world outlook and understand that the realization of socialism and communism is an inevitable outcome of social development. We should distinguish between the carrying out of communist ideological education and the implementation of current socialist policies, persist in implementing distribution according to labor and the various kinds of economic responsibility systems and should not overstep the stage of development of our history and enforce the economic and social system that can only be implemented in communist society. The main content of the communist ideology that we should publicize and encourage must be firm communist ideal and faith, the principle of persistently placing the interests of the state and collective above those of the individual, the development of the spirit of making sacrifices for the interests of the people and encouraging the morality and general mood of society of selflessly serving the others, laying aside one's personal interests for the public, showing concern for public interests and taking loving care of public property.

We should actually carry out the "seven popular educations" put forward by Premier Zhao at the Fifth Session of the Fifth NPC, namely, the education of the history of social development, Chinese modern history and the history of revolution; the education of communist ideology, faith and morality; the education of communist labor attitude and revolutionary discipline; the education of professional morality; the education of the legal system; the education of patriotism and internationalism; and the education of a noble sense of beauty and of the socialist lifestyle. We should widely carry out education of an ideal, future and revolutionary outlook on life, relate it to Guangdong's reality and take into account the fact that the cadres and masses in our province have more contacts with capitalist ideology, culture and lifestyle. We should take into account the relatively developed commodity economy in our province and the new situation that has emerged since the implementation of the economic responsibility system and teach our cadres and masses to pay attention to preventing and correcting the erroneous tendency of "looking for money in everything." We should take into account the new situation that has emerged in our rural areas since the implementation of the system of contracting responsibility and deeply carry out education among the broad ranks of peasants in adhering to the road of collectivism, maintaining unchanged the public ownership and responsibility systems and taking into account the interests of the state, collective and individual. We should teach our peasants to transform their social traditions, eliminate the old idea of regarding men as superior to women, protect female babies and their mothers, respect elderly people and earnestly guarantee the lives of the households that enjoy the five guarantees. We should make full use of all the forms that the masses love,



make the masses educate themselves and enable the broad ranks of cadres and masses to gradually foster communist ideology.

The spring festival of 1983 is the 40th anniversary of the beginning in Yanan of the movement of supporting the army and giving preferential treatment to families of anti-Japanese armymen and of supporting the government and cherishing the people. Around the spring festival, our province should widely and deeply carry out activities to celebrate the 40th anniversary of this "double supporting movement" in order to carry on this revolutionary tradition. We should conscientiously support the construction of our army, do a good job of arranging the work and lives of the retired armymen, strengthen the training of our militiamen, encourage the army and the people and government to learn from, assist, help forward and take loving care of one another and establish and develop new relationships of unity between the army and the government and between the army and the people which embodies socialist spiritual civilization.

//We should conscientiously be particular about and improve our method of leadership.// At present, we have entered into a new historical period and Guangdong is, moreover, a province where special policies and flexible measures are being carried out. Our tasks are arduous but our efficiency is low. Therefore, leading groups at all levels should continue to emancipate their minds, be good at thinking deeply, have the courage to make inventions and to practice, strive to break away from the fetters of the old conventions concerning economic development and improve their methods of thinking and of exercising their leadership. They should be good not only at giving play to people's initiative but should also be able to grasp the principle contradictions in their complicated and heavy work and take prompt actions. Concerning a few important problems that can be solved but the solution has been put off for a long time, we encourage the leaders to go downward to personally investigate the matters and solve these problems together with relevant comrades there. We should not be bound by the old conventions and regulations and the ideas that guided our work before the 3d Plenary Session of the 11th CPC Central Committee or during the "Great Cultural Revolution" and should be good at studying the new situation, solving new problems and opening up a new situation according to the demand of the new situation and the new tasks and in the process of our common practice with the masses.

Dear deputies: The year 1983 will be the first year of the creation of an overall new situation in our modernization and the first year for us to implement the new Constitution and fight for prolonged good and stable rule in our country. At present, all our undertakings are prosperous, the masses of people are living in happiness and their livelihood has been improving year by year. The broad ranks of cadres and masses are filled with hope for their future and their country's future. In creating an overall new situation in our socialist modernization, Guangdong has shouldered glorious and arduous tasks. We should continue to strengthen the unity between all our nationalities and between the army and the people, rally the Hong Kong and Macao compatriots and overseas Chinese around us, do our work cautiously and conscientiously, jointly strive to fulfill our tasks in the new period and struggle for building Guangdong into the southern entrance of our highly democratic and highly civilized modern socialist motherland!

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FUJIAN'S XIANG NAN VIEWS MODERNIZATION

HK170911 Hong Kong WEN WEI PO in Chinese 16 Jan 83 pp 1, 2

[Special feature: "Secretary Xiang Nan Talks About Prospects for Four Modernizations in Fujian"--Part one of two parts]

[Text] Editor's note: Fujian Provincial CPC Committee First Secretary Xiang Nan met Chin Yao-ju [6855 1031 1172], editor-in-chief of this newspaper, in Fuzhou on 2 January. During their conversation, the editor-in-chief of this newspaper asked him two questions: 1) What are the views and attitudes of the Fujian party and government leaders toward the policy of the central authorities on opening to the outside world? Do you have any specific ideas and measures to implement the policy of opening to the outside world and to speed up the realization of the four modernizations in Fujian? 2) What are your measures with respect to the selection of cadres and the question of successors to the leading posts at various levels, that is, the succession of the old cadres by the new, in order to implement the policy of opening to the outside world?

Secretary Xiang Nan readily agreed and answered the two questions in a very satisfactory manner. His words contained a lot of new ideas and arguments. We now publish the excerpts for readers who are concerned for the four modernizations of the motherland, particularly the four modernization of Fujian. The manuscript of this article has not been read and revised by Secretary Xiang Na. If there should be any mistakes, the responsibility lies with this reporter for the errors in taking notes. [end editor's note]

I would like to take this opportunity to talk about our basic ideas on the future work in Fujian. Comrade Hu Ping (acting governor of Fujian Province) will talk with you in detail on economic planning.

Fujian and Guangdong are two provinces which the central authorities have designated for the implementation of special policies and flexible measures. With regard to the policy of opening to the outside world and economic cooperation with foreign countries, the two provinces should begin before the others. That is to say, the two provinces should become rich before others. The central leading comrades are unanimous in this idea. Not long ago, Comrade Hu

Yaobang came for a 50-odd-day inspection tour of Fujian in his capacity as general secretary. He said: "We hope Fujian will anticipate the four modernizations." The central authorities have good grounds to set forward this expectation of and demand on us.

Fujian is similar to other provinces in most respects. However, Fujian has many special unique features. For example, the whole country was cut off to the outside world for more than three decades. The situation in Fujian was even more serious because it is situated in the coastal front. Naturally, things are different now. Fujian has determined the principles for its work according to its special features. The chief features are as follows:

1. There are lots of mountains and a long coastline in Fujian. Mountainous areas and hilly land account for more than 80 percent of the total area. The size of the fishing area is even bigger than that of the land. However, neither the mountains nor the seas have been satisfactorily exploited. In the past, under the influence of the "leftist" ideas, practically the entire labor force was concentrated on 1/9 of the land. The principle of taking grain as the key link was applied rigidly and the vast mountainous areas and hilly land were not exploited in a satisfactory manner, and the seas and the ocean were exploited even less. The provincial CPC committee holds that in our future economic work, it is necessary to do our basic job well, that is, to develop the mountains and seas. The potential of Fujian lies in the mountains and seas. They constitute very favorable resources.

2. Fujian has 6 million overseas Chinese and descendants of overseas Chinese abroad. They love their native place and hope that Fujian's economic construction can be speeded up and the motherland can become prosperous and powerful at an early date. If we succeed in doing this work well, this will represent a powerful force to the "four modernizations" of Fujian.

3. Fujian has an especially close relationship with Taiwan. Most Taiwan compatriots are from Fujian and our customs and dialects are interlinked. In the cause of reunifying the motherland, Fujian should do more work. In the past 2 years, more and more people have returned from Taiwan. Although big trade has not been developed, there are small amounts of trade.

4. Fujian had trading ports a long time ago. Two of the five trading posts in our history were in Fujian. Quanzhou was also one of China's earliest trading posts. It was referred to in the travels of Marco Polo as one of the biggest trading ports in the world at that time--Citong City. There are 6 deep-water harbors in Fujian capable of berthing 50,000-100,000 ton-class ships. This is rare in the world.

In light of these circumstances, Fujian should be able to move fast in its economic construction. It is especially necessary for Fujian to adhere to the policy of opening to the outside world and conduct economic cooperation with foreign countries.

What have we lacked in the past three decades and more? One is funds, the second is technology and the third is management methods. We still lack these

three items now. People have noted our lack of funds but many people fail to note our low management standards. Even if we have funds and have imported new technological equipment, it will still be useless if we fail to catch up with the management. In order to do a good job of management, an urgent task is to solve our lack of competent persons. We have adopted two measures: 1) To recruit to work in Fujian those competent persons from Beijing and other places and advertise for intellectuals who have modern scientific technology and knowledge. 2) To train competent persons ourselves. This is a fundamental way. Recently, we held a provincial conference with the purpose of developing education in an all-round way, the primary school, middle schools, the university and even amateur education. As in the case of opening to the outside world, we have also gradually understood the question of placing the training of competent persons in the first place. However, the broad section of cadres and masses have not understood this question. They are more familiar with the old methods of doing things, that is, the set of methods used during the period when we were closed to the outside world. For example, it is regarded as a matter of course in developing production if our province spends several million or 10 million yuan in setting up a factory or a farm. However, it will be very difficult for us to allocate several hundred thousand or 1 million yuan in running an educational undertaking. This is because people fail to understand the importance of training competent persons. Without competent persons, intellectuals and knowledge, all would be lost. The purpose of holding a provincial conference is to specially solve prejudice against the intellectuals. For years, it was as if the intellectuals were only the objects of leadership, unity, remolding and utilization. We did not quite trust them. There was also a very preposterous incident. All people in Fujian invariably have overseas or Taiwan connections. This was originally a very good matter. However, it was a terrible matter to have an "overseas connection" or "Taiwan connection" in the past, particularly for the intellectuals. Naturally, this was a thing of the past. The cultural standards along the coast of Fujian have all along been high. Fujian has brought forth a lot of competent persons. Li Zexu and Zheng Chenggong were from Fujian. In modern science, Fujian has also brought forth many competent persons. Fujian is more advanced in many respects. Now the most important task facing us is how to boldly utilize the existing intellectuals and how to cultivate a new generation with lofty ideals, moral integrity, education and a sense of discipline. Fujian has a bright prospect if it succeeds in tackling this work.

With respect to the policy of opening to the outside world, it is also not to be wondered that some people have all sorts of views. For many years, people have been accustomed to the old methods of doing things. For example, when doing business with foreigners, some people are apt to think of how to make money. They do not think of how to make money for other people too. It is as if all foreigners are fools. They always think of making money from other people and refuse to pay out of their own pockets. This has aroused a lot of arguments! In doing business, it is possible to make money at the beginning. It is also possible not to make any money, and sometimes even to have to conscientiously lose some money. Only in this way will other people come to us. This is a very simple truth. Therefore, with respect to faults which are due to the nature of work and not to the nature of corruption and bribery, we

assume an attitude of understanding and of summing up experience. In our economic activities with foreigners, it is not extraordinary if we suffer some losses or are taken in. We do not know how to do business; there is nothing strange about it. This makes it necessary for us to learn how to do business.

Last year, the central authorities set forth the task of hitting at criminal activities in the economic field. This was entirely correct and was not contradictory with the policy of opening to the outside world. If we had failed to do so, it would have been difficult for us to open to the outside world. For example, some people are insatiably covetous and constantly pester or impose a difficult task on the overseas Chinese who return to their native place. How can they dare to come back? This refers only to the general mood in the native place of overseas Chinese. It is absolutely necessary for us to do a good job of it. Fujian is not particularly serious in combating corruption and bribery. The smuggling and selling of contraband is relatively serious. However, they are less frequent now after we hit at them and strengthen management and education. With respect to hitting at criminal activities in the economic field, some people have some misunderstandings. Some are due to their failure to understand the actual situation and some are because they do not approve of opening to the outside world. When they grasp some things, they will say: Look, how can these problems emerge if it is not for the policy of opening to the outside world. Then even attack the provincial CPC committee and the central authorities by saying that we are rightist. As a matter of fact, it is very easy to answer this question. Did corruption and bribery exist in the past when we were closed to the outside world? [This reporter: There was the term "corrupt officials" as far back as in the feudal society, corruption and bribery do not necessarily exist only with the bourgeoisie.] In the early 1950's, the U.S. Seventh Fleet blockaded the Taiwan Strait. At that time, we did not open to the outside world, but we still launched the movements against the three evils and the five evils. There is corruption and bribery in Guangdong and Fujian and there is also a lot of smuggling activities. Do they exist in other provinces which do not open to the outside world? (This reporter: There are already a lot of reports in the newspapers. Naturally, smuggling from the sea does not exist in inland provinces.) Therefore, we should say that some people do not approve of opening to the outside world. They think that reliance on the previous set of "leftist" ways of doing things is "self-reliance." This is in fact an act of isolating ourselves. China is such a big country. How can we cast the world aside? It has now been proved that this way of doing things does not work.

HK171100 Hong Kong WEN WEI PO in Chinese 17 Jan 83 p 1

[Special feature: "Secretary Xiang Nan Talks on Prospects for Four Modernizations Development in Fujian"--Part two of two]

[Text] The present central policy of opening up to the outside world and developing economic cooperation with foreign countries is correct. Taking Fujian

as an example, if it fails to make use of foreign funds as well as advanced sciences, technologies and managerial systems of other countries, it is impossible to get rich in a short time. Of course, it is possible to achieve some progress but the development will be at a snail's pace. Absorbing foreign funds and ushering in progressive things will not hamper self-reliance, but, on the contrary, will help it. Our products are divided into two aspects. One is for the world market, the other for the domestic market. However, a large quantity of commodities, which are produced for export, are now sold in the domestic market because of their poor quality, packing or for other reasons. It seems that the consumer goods for the Chinese themselves must be, in a certain sense, out of date, poor in quality and high in price, and nothing would be more "natural." How can this situation be tolerated any longer? It must be changed. For this reason, we should transform our enterprises technically.

We are now making all efforts possible to step-by-step turn our existing enterprises into modern ones through technical transformation. How can this be achieved? Of course, good arrangements should be made and some enterprises should be co-oped in varied forms. But, first and foremost, enterprises should have updated equipment and advanced technologies must be used so that their products will be competitive in the world market. We must strive to make our products of one standard for both the world market and the domestic market and make them desired both at home and abroad. This is the very goal of our modernization for enterprises. For example, in the past the Zhangzhou Canned Food Factory often lagged behind in production. But great progress has been made in production since the factory was equipped with the advanced high-frequency arc welding technique of West Germany. We have planned to import 100 complete sets of modern equipment in 1983 in order to transform a number of old enterprises.

The Fujian Provincial CPC Committee and Government march in step in developing economic co-operation with foreign countries. We have the courage to usher in more foreign funds. But the main point is that we must learn how to make good use of them to make profits.

In implementing the open door policy and creating a new situation, another problem is on whom we should depend. This involves the question of selecting cadres. When we recently discussed the problem of leading bodies in localities, we stressed that we should select cadres in accordance with the four requirements set forth by the central authorities. For instance, the cadres to be dispatched abroad should first know how to do business and how to unite people such as businessmen in Hong Kong and other countries in the world and overseas Chinese businessmen as well. They must also be good at languages. If they are going to Hong Kong, they must know south Fujian dialect, Cantonese and English. In order to achieve the goal of the four modernizations, we must first make the ranks of cadres more revolutionary, younger in average age, better educated and more professionally competent. We must adapt our thinking to the four modernizations.

Recently, a reshuffle was tentatively made to our provincial government. We hope that people of about 50 years old will take the leading government posts.



in the future. They must be younger in age and better educated, and for the best, higher education. Comrade Hu Ping (who has been appointed acting governor) is now 53, more than 10 years younger than me. He is still in the prime of life. We also have a new vice governor, who was deputy mayor of Xiamen City before he was transferred to the provincial government. He is now just over 50 years old and a university graduate. Our other vice governor is also about 50 and very energetic, and has been directly promoted from a factory director--the Mindong Electric Machinery Plant--a well-established factory. Since he worked in such a factory in the past, he must have good work experiences in grassroots units. We still have our old Comrade Zhang Yi as vice governor. Old and new cadres must be integrated together. In the transition period, imposing uniformity on the age of cadres is impractical. The provincial CPC committee has also been reorganized. Seven comrades have recently been relieved of their posts. All of them are over 60-70 years old. Correspondingly, those who have been promoted to the posts are all just over 50 years old and were educated in universities or colleges. Wang Yiping, formerly in charge of the special economic zone in Xiamen, has been promoted to a member of the provincial CPC committee. Zhang Kehui, a Taiwanese and university student, has now been promoted to director of the united front work and a member of the provincial CPC committee. Comrade Zhao Zongxin is now in charge of foreign trade and economic cooperation with foreign countries. He is an expert in this field, having a good knowledge of professions and also a working knowledge of foreign languages. Such qualifications for cadres will become a common standard in the future. Generally speaking, the work of restructuring our provincial party and government organs has been smoothly carried out. However, Sichuan Province has done much better than us. The first and second in charge in Sichuan Province have all been replaced by cadres of about 50 years old. Their CPC committee first secretary and governor have withdrawn from the frontline and have participated in the standing committee work of the provincial CPC committee to pass on experience and give advice for a period of time. Our province, a province of opening up to the outside world, should have made greater strides than Sichuan in this aspect.

In developing economic cooperation with foreign countries, we believe that Fujian must offer more favorable terms, as our conditions in certain respects are not so good as those of Guangdong. Since we pursue an open door policy, we must give more liberal terms to foreign investors. Our policy of opening to the outside world will not be changed, this can be assured. This policy stands steadfastly in Fujian and in the other parts of the country. We believe that the policy will be made more clear and the situation will become ever better. Strictly speaking, Fujian has just made a first step in opening to the outside world. Up to now, our main efforts have not been truly concentrated on this. We are still focusing our efforts on a series of past problems left over, such as setting right our practical work, reversing false and wrong cases and verdicts and carrying out the policy concerning the houses of overseas Chinese, the policy for Taiwan's compatriots and the policy toward intellectuals. All these problems have to be solved. From now on, that is to say, from 1983, we will gradually shift our main efforts onto economic work. The Xiamen Special Economic Zone is now busy for the projects of capital construction. We should first lay a good foundation for creating a good climate for investment. Comrade Gu Mu (state councilor and chairman of the special

economic zone office under the State Council) is very enthusiastic in promoting the work of the special zone. In his recent inspection tour in our province, he expressed his satisfaction with our work. Of course, we know we have just made our first step and there will be obstacles. We must break through barriers and advance bravely.

The 12th Party Congress called for creating a new situation in all fields of work. At this important historical juncture, Comrade Hu Yaobang paid a visit to our province. He said with humor: The first word of Fujian means happiness, so the prosperity of Fujian Province is bright. "Fu" in Chinese has 13 strokes. I would like to give you 13 words for good luck--"I hope that Fujian will be ahead of Sichuan in the four modernizations." His remarks are a great encouragement for and expectation of us. We know surely that there will be difficulties, but we are full of confidence. Our whole country is becoming more stable day by day. Our policies will be made more clear. We are sure that we will win one victory after another in our work.

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COMMUNICATIONS MINISTER ON TRANSPORT PROJECTS

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[Text] Taipei, 20 Jan (CNA)--Communications Minister Lien Chan said Wednesday that economic prosperity in this country over the past years had aggravated the seriousness of traffic problems.

Reporting at a Kuomintang Central Committee panel discussion, Lien in his capacity as KMT member told the panelists that his ministry will tackle the problems through the continued expansion of transportation facilities and improvement of the quality of services.

In the course of discussion, he described in detail the major transport and communications projects under way. These include traffic safety, road construction, the mass rapid transit system, air and marine transport, postal services, telecommunications and tourism.

On highway transportation, he said the government stresses such projects as construction of new roads, widening of the existing ones, elimination of bottlenecks and other building programs covered under the 4-year economic plan.

On railway transportation, he said government efforts will be focused on the elimination of level crossings and carrying out the Taipei City Railway underground project.

On marine transportation, he said operating capacity of Taiwan's 5 seaports, namely Kaohsiung, Keelung, Taichung, Hualien and Suao, recorded a fourfold increase in 10 years. Containers handled at the port of Kaohsiung have reached 1.12 million 20-foot equivalent units, ranking fifth among the world's big seaports.

On air transport, he said that after years of strenuous efforts, new air services have added to the existing route network. This includes cargo flights to link Luxembourg and gaining landing rights at New York, beyond the former access to points on the U.S. West Coast only.

In the meantime, China Airlines, flag carrier of this country, has placed orders with Boeing for two more 747's and two 767's. The airline also operates

four A300 airbuses under lease as acquired by the civil aeronautics administration from France.

On postal service, the service network has spread over to almost everywhere throughout the island with post offices set up in every small village.

On telephone service, the growth rate has ranked as the world's first for several years. Telephone sets as of the end of last year had reached 4.36 million, ranking 17th among the world countries.

On tourism development, Lien said that the government is stepping up efforts on the reconstruction tourist sports, simplification of customs procedures, establishment of free duty shops and development of several tourist parks.

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